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December 5, 2007

PPM Energy Completes Purchase of 506 MW Klamath Cogeneration Plant

PORTLAND, Ore. – PPM Energy, a unit of IBERDROLA RENOVABLES, announced it has completed the purchase of the 506-megawatt (MW) Klamath Cogeneration Plant from the City of Klamath Falls, Ore. The efficient, flexible combined-cycle combustion turbine plant is strategically located in Southern Oregon near the California border.

The initial purchase agreement for Klamath Cogeneration was announced in September. Since that time, regulatory approvals have been obtained, operating permits transferred and the municipal revenue bonds issued by the City to finance construction of the plant paid off. PPM has managed and operated the plant since it went online in 2001, as well as purchasing 47 percent of its energy output. In addition, PPM owns and operates the adjacent 100 MW Klamath peaking plant and the 200 MW West Valley plant in Utah for total of 806 MW of gas-fired thermal facilities.

PPM's total cost to acquire the plant was approximately \$290 million, considerably below replacement cost for a combined-cycle facility. The acquisition allows PPM to fully integrate Klamath into its portfolio of gas and wind plants to serve utility customers throughout the West. The plant also provides transmission access to the key California-Oregon Border (COB) trading hub, facilitating PPM's delivery of gas, wind and combined products to high-value markets.

"PPM Energy has an excellent track record operating the Klamath plant safely and efficiently," said Peter van Alderwerelt, PPM senior vice president. "Our team of 23 plant employees have been great members of the Klamath community and we look forward to continuing their tradition of safety, reliability and superior plant performance."

The City will continue to supply the plant with treated municipal wastewater for cooling, an innovative process that reduces the City's discharge to the Klamath River by some two million gallons per day. PPM will take over other contracts to supply co-generated steam to a nearby wood products manufacturing facility, as well as about 80 MW of long-term power sales contracts.

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About PPM Energy

PPM Energy (www.ppmenergy.com), part of IBERDROLA RENOVABLES, has 1,993 megawatts (MW) of wind energy in operation (including 606 MW provided under power purchase agreements from third parties) as of Nov. 30, 2007. PPM Energy balances its supply portfolio with sales to wholesale customers, placing almost all of its output in long-term contracts. Major customers include the cities of Seattle, Sacramento, Eugene, Pasadena and Anaheim, as well as investor-owned utilities such as Xcel Energy and Pacific Gas & Electric Company and the federal Bonneville Power Administration. PPM Energy also creates innovative new products to meet customer needs including operations and maintenance services.

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