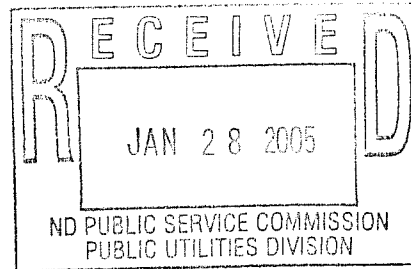


PPM Energy
A ScottishPower Company

January 27, 2005

Ms. Illona A. Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480



Re: Letter of Intent to submit an application for a Certificate of Site Compatibility, a Certificate of Corridor Compatibility and a Route Permit for the Rugby Wind Farm, Pierce County, North Dakota

Dear Ms. Jeffcoat-Sacco:

PPM Energy, Inc. (PPM) is filing this Letter of Intent (LOI) to submit an application for a Certificate of Site Compatibility for a proposed wind project pursuant to North Dakota Century Code 49-22 and North Dakota Administrative Code Title 69, Article 06, Energy Conversion Transmission Facility Siting.

In addition, PPM is submitting this LOI for a Certificate of Corridor Compatibility and Route Permit for a transmission line to deliver energy to the transmission system. The submittal is made pursuant to North Dakota Century Code 49-22 and North Dakota Administrative Code in Title 69, Article 06, Energy Conversion Transmission Facility Siting. Approximately eight miles of new transmission line will be needed to connect the wind project substation to the interconnection substation. PPM is currently evaluating whether this line should be constructed at 230 kV or 115 kV.

If PPM opts to develop a 230 kV transmission line, it will seek a Certificate of Corridor Compatibility and Route Permit from the North Dakota Public Service Commission (Commission) and a conditional use permit from Pierce County.

If PPM elects to develop a 115 kV transmission line, it will seek only a conditional use permit from Pierce County. According to North Dakota Century Code 49-22-03 (12) a., a transmission line 115 kV or below is not defined as a "Transmission Facility." As a result, it would not require a Certificate of Corridor Compatibility and a Route Permit from the Commission. Under this scenario, PPM would withdraw this portion of the LOI.

Size and Type of Facility

The Rugby Wind Farm is proposed to consist of up to 100 wind turbines with a capacity of approximately 150 MW. The most likely turbine size is 1.5 MW with a rotor diameter of 82 meters (269 feet). The wind turbines will be situated on 80-meter-tall (262 feet) steel tubular towers secured to a concrete foundation.

Each wind turbine will be accessible via all-weather gravel roads providing access from public roads. The turbines will be interconnected by both fiber communication cables and a 34.5 kV electrical power collection cable. Both of these lines typically run underground where feasible connecting the wind turbines to the project substation.

PPM is currently evaluating whether to step-up the power at the project substation to 115 kV or 230 kV. A new overhead 115 kV or 230 kV transmission line will be built to interconnect the project substation to the interconnect substation. The length of this new transmission line will be approximately 8 miles. The interconnection substation is owned by Otter Tail Power and Central Power and is located approximately one mile east of Rugby.

Area to be Served

Subject to negotiation of a long term power supply contract with a regional utility, PPM proposes to sell the power at the busbar of the interconnection substation.

Map of the Site and Corridor Study Area

Attached is a map that outlines the proposed study area for both the wind project and transmission line corridor. The wind project site area is outlined in solid red and the transmission line corridor is outlined in a dashed red line.

Anticipated Construction and Operation Schedule

Pending successful sale of the entire output of the facility under a long term power purchase agreement, PPM proposes to have this project on-line no later than December 31, 2005 to ensure that it is eligible to receive the federal production tax credit. This federal incentive expires at the end of 2005.

To meet a December 31, 2005 on-line date, PPM will develop the project on the following schedule:

February/March – File applications with the Commission for a Certificate of Site Compatibility and possibly a Certificate of Corridor Compatibility and Route Permit. In addition, PPM will file for a conditional use permit from Pierce County for the wind project and the transmission line.

April/May – Commission and Pierce County grant appropriate certificates and permits for transmission line and wind project.

June/July – Begin road construction and foundation work. Begin construction of project substation and transmission line.

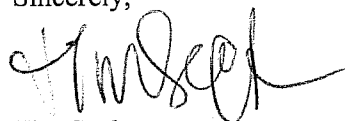
August/September – Complete transmission line and project substation construction. Begin erecting and commissioning wind turbines.

October/November –Commercial operations of project.

PPM is excited about the possibility of developing one of the regions largest wind projects in the heart of North Dakota. We look forward to working with the Commission to bring this project to fruition.

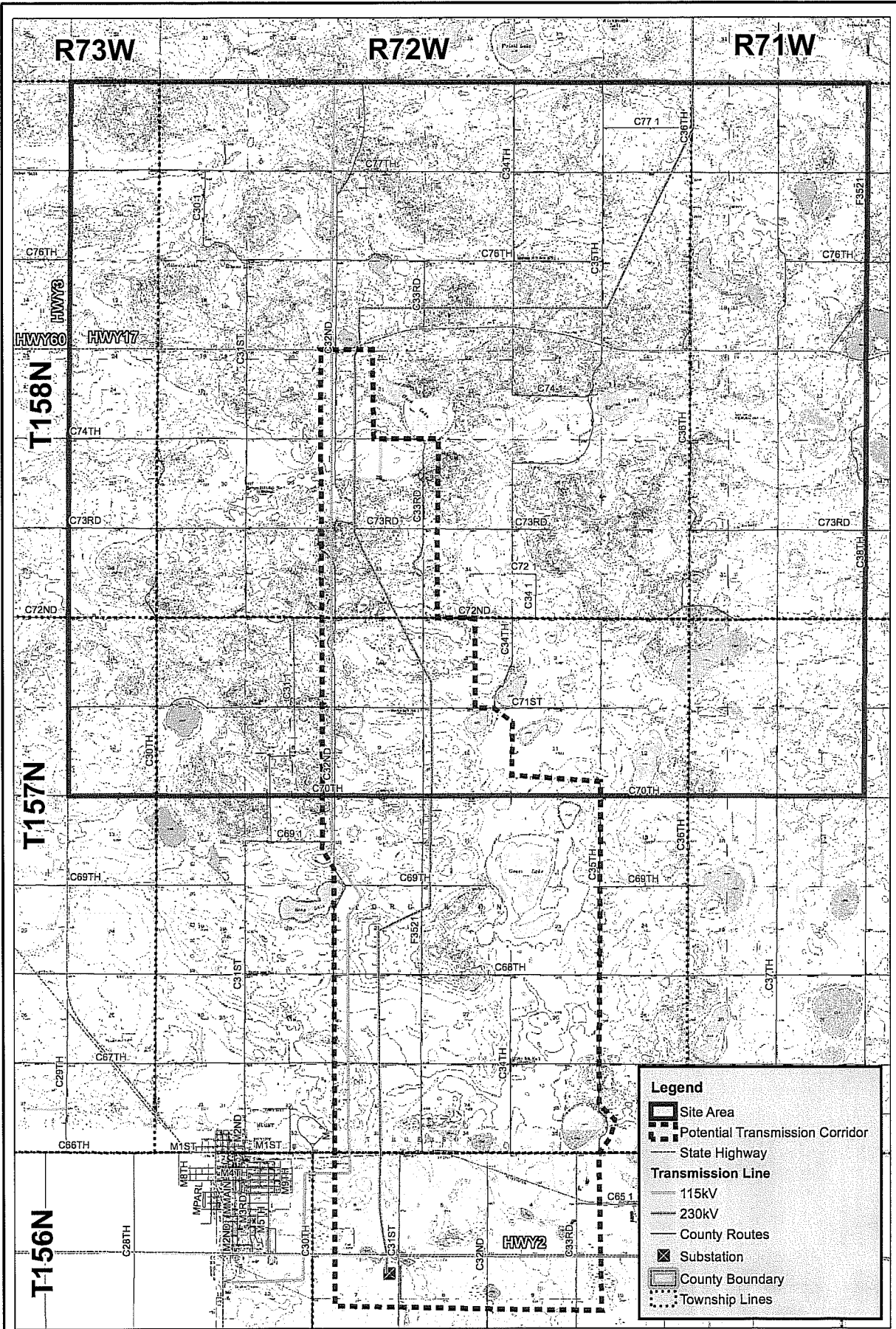
Please do not hesitate to contact me if you have any questions about the project or this Letter of Intent. You can reach me by phone at 651-917-9285 or e-mail at timothy.seck@ppmenergy.com.

Sincerely,

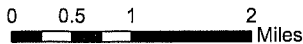


Tim Seck
Manager of Midwest Renewables

cc: Michelle Bissonnette – HDR Engineering, Inc.



Confidential
and
Proprietary



Rugby Site Area and
Potential Transmission Corridor
USGS Topographic Map
Rugby Wind Farm