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## Press Release

SOURCE: Calpine Corporation

# Calpine Acquires Additional Geothermal Leases in Siskiyou County, Calif.

## Company Reaffirms Commitment to Expand Renewable Energy

SAN JOSE, Calif., Oct. 30 /PRNewswire/ -- Calpine Corporation (NYSE: [CPN](#) - [news](#)), a leading independent power producer and the world's largest geothermal power provider, today announced the acquisition of California Energy General Corporation and CE Newberry, Inc. from MidAmerican Energy Holdings Company. The transaction includes the companies' geothermal resource assets, contracts, leases and development opportunities associated with the Glass Mountain Known Geothermal Resource Area (Glass Mountain KGRA) located in Siskiyou County, Calif., approximately 30 miles south of the Oregon border. Prior to these acquisitions, Calpine owned about 40 percent of the leases in the Glass Mountain KGRA. Calpine now owns essentially all of the development rights within the Glass Mountain area, totaling 66 square miles of geothermal leaseholds.

These strategic geothermal purchases are directly related to Calpine's plans to develop the 49.5-megawatt Fourmile Hill Geothermal Project located in the Glass Mountain KGRA. The Fourmile Hill project is in advanced development and is projected to be online by late 2004. Power from the project is committed to Bonneville Power Administration (BPA) under a 20-year contract and will be delivered within BPA's northern California service territory. Fourmile Hill has also qualified for a California Energy Commission (CEC) renewable energy production incentive. The CEC created this New Renewable Energy Account to foster development of renewable energy supplies in California. Valid for the first five years of the facility's operation, the incentive is valued at up to \$21 million.

"We are pleased with the initial resource data and are confident about the potential of the Glass Mountain KGRA as a new green power resource," said John Miller, Calpine vice president of program development. "This transaction strengthens our commitment to renewable energy and reflects Calpine's strategy to manage the entire geothermal resource. In doing so, we will be better positioned to optimize power production and effectively coordinate the power production with other important uses of the area."

In 1971, the United States Geologic Survey designated the Glass Mountain area as a Known Geothermal Resource. With this designation, the area is considered a priority location by the federal government for geothermal power generation and a means to diversify the nation's power portfolio while reducing the country's dependence on foreign energy supplies. To date, only resource testing has occurred in Glass Mountain and the region's vast generating potential remains untapped. Initial corehole drilling data,

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collected as recently as last month, confirms temperatures in the range needed to support commercial geothermal power production, further indicating Glass Mountain is a prime geothermal resource.

Calpine has been involved in geothermal power production since 1985. Today, through its operations at The Geysers in Lake and Sonoma counties, Calpine generates about 850 megawatts making the company the largest producer of electricity from renewable geothermal resources in the world.

As such, Calpine recognizes the importance of prudently managing a geothermal resource. In 1999, Calpine effectively unified operations at The Geysers through strategic power plant and steam field acquisitions. The company today owns and operates 19 of the 21 geothermal facilities and associated steam fields there. This unification has allowed Calpine to improve sustainability of this valuable geothermal resource through coordinated management techniques.

Additionally, Calpine has been able to pursue programs designed to maintain and increase the productivity of The Geysers -- activities that would have been commercially impossible with multiple ownership interests, including an innovative wastewater injection program. Calpine and the City of Santa Rosa are building a 41-mile pipeline system that will transport treated wastewater from Sonoma County for injection into the geothermal reservoir at The Geysers to help extend the life of this valuable green power resource, while providing an environmentally superior wastewater discharge solution for Santa Rosa and other cities.

Based in San Jose, Calif., Calpine Corporation is dedicated to providing customers with reliable and competitively priced electricity. Calpine is focused on clean, efficient, natural gas-fired generation and is the world's largest producer of renewable geothermal energy. Calpine has launched the largest power development program in North America. To date, the company has approximately 35,100 megawatts of base load capacity and 7,600 megawatts of peaking capacity in operation, under construction, and in announced development in 29 states, the United Kingdom and Canada. The company was founded in 1984 and is publicly traded on the New York Stock Exchange under the symbol CPN. For more information about Calpine, visit its web site at [www.calpine.com](http://www.calpine.com).

This news release discusses certain matters that may be considered "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the intent, belief or current expectations of Calpine Corporation ("the Company") and its management. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could materially affect actual results such as, but not limited to, (i) changes in government regulations, including pending changes in California, and anticipated deregulation of the electric energy industry, (ii) commercial operations of new plants that may be delayed or prevented because of various development and construction risks, such as a failure to obtain financing and the necessary permits to operate or the failure of third-party contractors to perform their contractual obligations, (iii) cost estimates that are preliminary and which actual cost may be higher than estimated, (iv) the assurance that the Company will develop additional plants, (v) a competitor's development of a lower-cost gas-fired power plant, (vi) receipt of regulatory approvals or (vii) the risks associated with marketing and selling power from power plants in the newly competitive energy market. Prospective investors are also referred to the other risks identified from time to time in the Company's reports and registration statements filed with the Securities and Exchange Commission.

*SOURCE: Calpine Corporation*

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