

THE NEED FOR THE TRANSMISSION LINE IMPROVEMENT

Texas is growing and so is the need for safe, reliable electrical energy. In the area west and southwest of San Antonio to the border, in towns and cities such as Uvalde, Del Rio, Dilley, Eagle Pass, Hondo, Laredo, Castroville and Pearsall, electric energy demand has been growing from 2% to 5% annually.

Growth Leads to Higher Energy Usage

The transmission lines that carry the power to this area are no longer sufficient to meet anticipated electric demand. Studies show that the anticipated demand for energy will exceed the design of the existing electrical transmission system in this area. Studies also show that in the next several years this increase will result in the loss of electric service if any one of several possible transmission equipment problems occurs.



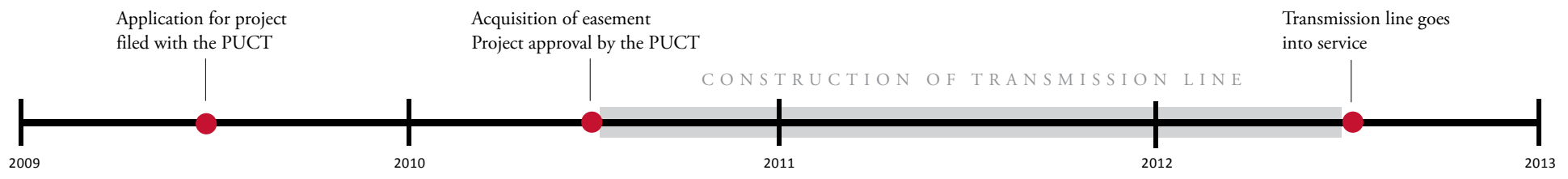
IMPROVEMENTS ARE THE SOLUTION

The Electric Reliability Council of Texas (ERCOT), the agency responsible for overseeing the electric transmission system for most of Texas, has recommended and endorsed several transmission reliability improvement projects in this area including the construction of a new 138-kilovolt (kV) transmission line from Uvalde to Castroville. The purpose of these transmission line upgrades, including this transmission line, is to improve reliability by relieving the overload and under-voltage problems of the existing transmission system in the area.

Here are the details of the project:

- Approximately 75 to 85 mile long 138-kV transmission line, stretching from Uvalde to Castroville.
- Application for project approval filed with the Public Utility Commission of Texas (PUCT) in early July 2009.
- Estimated cost of the project is \$83 million. Funding for the project is shared by all electric utility consumers in the ERCOT service area through a surcharge that is collected by retail electric providers.
- Typically requires a 100-foot right-of-way; individual easement sizes will vary based on the location.
- Target date for completion is summer 2012.
- ETT will construct and own up to an 80-mile portion of the line from Uvalde to a location just north of Castroville.
- CPS Energy will construct and own a 4.25 mile portion of the line within its retail electric service area in the Castroville area.

ANTICIPATED PROJECT TIMELINE



ABOUT ETT - The 138-kV transmission line improvement project will be built by Electric Transmission Texas, LLC (ETT) and CPS Energy. ETT is a transmission-only utility company founded as a joint venture to build transmission projects in Texas. ETT is co-owned by two U.S.- owned and operated energy companies American Electric Power and MidAmerican Energy Holdings Company.

RESPONSIVE TO THE PUBLIC AND THE ENVIRONMENT

Public input has been sought by ETT and its routing and environmental consultant since the inception of the project. There has been communication with land-owners in the areas that could be affected by the proposed transmission line and a total of four public meetings held in Uvalde, Hondo and Castroville. Consultation with environmental and regulatory agencies also has occurred to ensure that environmental and land use concerns are appropriately addressed.

ETT and its routing and environmental consultant identified 18 routes for the 138-kV transmission line improvement project that extended from Uvalde to the Castroville area. ETT and CPS Energy both independently evaluated the 18 alternative routes and both considered the evaluation by the routing and environmental consultant. ETT and CPS Energy independently selected Route 17 as their preferred route. After the CPS Energy Board of Trustees approved its portion of Route 17, ETT identified nine routes that could connect to the approved route segment.

ETT is presenting the nine routes to the PUCT for consideration. Route 17 is still the preferred route of these nine alternatives. All of the routes developed and evaluated through this process have reflected input from the public and various environmental and regulatory agencies.

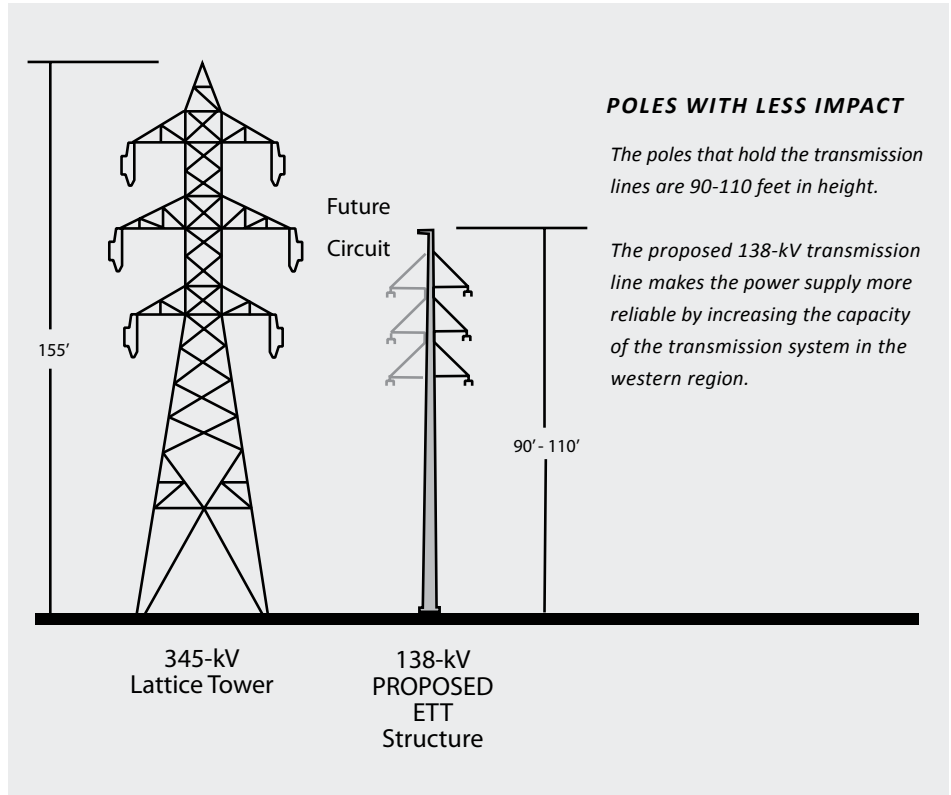
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HOW THE PROJECT IMPACTS YOU

ETT is proposing one preferred route and eight alternative routes as part of the planned transmission line improvement project. The preferred route, called Route 17, is being recommended by ETT because:

- The majority of the route uses compatible rights-of-way and existing transmission rights-of-way areas.
- It follows the shortest and most environmentally-friendly route.
- It is the less costly to customers.