

April 24, 2006

Waterwood Improvement Association, Inc.  
Mr. Jack Zimmermann, WIA Immediate Past President  
62 Waterwood  
Huntsville, TX 77320

Dear Jack,

Sam Houston EC appreciates the support of the Waterwood Improvement Association as well as our positive working relationship. The new transmission line and substations will provide reliability, growth and service to the area. Sam Houston EC has started construction of the new Staley Substation and is in the process of obtaining easements and designing the transmission line and the new Point Blank Substation. The design of the transmission line will be completed sometime this year. Line design and pole placement will be addressed according to the agreement between Sam Houston EC and the Waterwood Improvement Association. Specific areas to be addressed are:

1. Minimize the number of trees to be removed or trimmed along FM 980, especially on each side of the entrance sign at the intersection of FM 980 and the Waterwood Parkway.
2. Utilize weathering steel poles for the transmission line. These durable steel poles are designed to rust to a specific depth, so that the color will blend with the surrounding environment.
3. Work with the Department of Transportation to locate the poles as close to the highway right of way as possible, within the easement.
4. Design the pole location to be at maximum distance from the entrance sign in accordance with prudent engineering standards and remove the existing distribution pole at the entrance by using a flying tap or other engineering practices to connect the distribution lines along the Parkway.

It is our goal at Sam Houston EC to work with the Association as the project progresses. We will contact the Association to review the design and pole location before materials are ordered or construction begins.

We thank the Association for its support and willingness to work with Sam Houston EC to provide safe and reliable service to members in Waterwood and the surrounding area.

Sincerely,



Kyle J. Kuntz  
GM/CEO