

November 29, 2010

Dear CPS Energy Customer,

CPS Energy plans to construct a new electric substation on existing CPS Energy property located southeast of the intersection of Jones Maltsberger Road and Starcrest Drive located in the northeastern portion of the CPS Energy Service Area. The purpose of this new substation is to expand the existing electric system and to improve the reliability of electric service to the homes and businesses located in this area.

The new substation will be supplied from an existing high voltage transmission line running parallel and abutting the southern boundary of the CPS Energy tract of land.

Construction of the substation is tentatively scheduled to begin in mid 2011. The enclosed brochure provides more information regarding this project.

If you have any questions or require more detailed information about this important project, you may contact me at (210) 353-2967 or Mr. Ulrich Skerhut, Project Manager, at (210) 353-2923.

For additional information, you may also visit our website at www.cpsenergy.com, keyword search: Blossom. Thank you for your patience and understanding as we work to continue delivering dependable, affordable energy to you and your neighbors.

Sincerely,
Robin H. McFarlane, SRWA, RW-NAC
Robin H. McFarlane
Senior Right-of-Way Agent
Right-of-Way Management Section

Enclosure