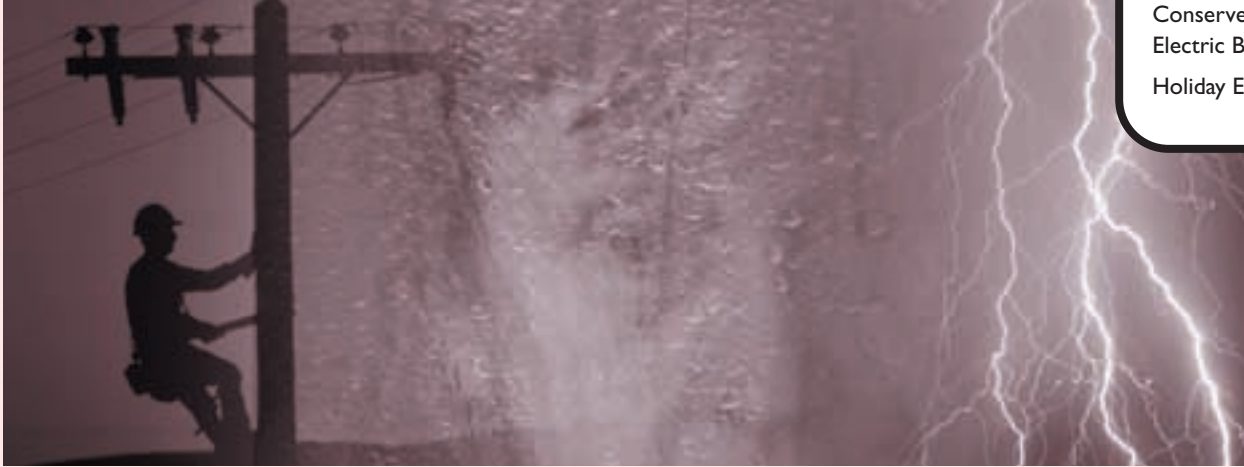


NEWSLINE

A PUBLICATION OF SAM HOUSTON ELECTRIC COOPERATIVE, INC.

COOPERATION IS POWERFUL



Almost 35 percent of Sam Houston Electric Cooperative's 47,000 members lost power when severe thunderstorms tore through our area in mid-October. Thanks to the tireless efforts of many Sam Houston EC employees, all of the power was restored within 48 hours.

High winds of up to 100 miles per hour broke utility poles and downed lines throughout our ten county service area on Friday, October 12 and Saturday, October 13, hitting the Indian Springs and Woodville areas particularly hard. To minimize the inconvenience to our members, line technicians and member services representatives worked emergency shifts around the clock to respond to thousands of service calls. Sam Houston EC also enlisted the help of outside utility contractors, who immediately dispatched ten crews, including four from Shreveport, LA, to aid in the effort.

To all our members who were without power due to the storms, we thank you for your patience and cooperation.



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ELECTRIC DEREGULATION DELAYED IN SOUTHEAST TEXAS



From the Desk of H.E. Striedel
General Manager and CEO,
Sam Houston Electric Cooperative

On October 31, the Public Utility Commission (PUC) accepted terms of a settlement stating that full electric retail competition will begin no sooner than September 15, 2002 for customers in Southeast Texas within the Southeastern Reliability Council (SERC) service area. The PUC's decision affects electric customers across Southeast Texas including the ten counties served by Sam Houston Electric Cooperative.

The ruling was made due to the fact that the customers of Entergy, the main investor-owned utility in Southeast Texas, now have no choices in providers. "All the evidence shows that Entergy customers cannot enjoy the benefits of competition by January first," said PUC Chairman Max Yzaguirre. "We must protect their interests and make sure customer choice is available before opening the market." The PUC's approved settlement agreement includes a process to help the Commission determine when the market can support competition.

In accordance with the 1999 restructuring legislation, Sam Houston EC's Board of Directors opted to take a "wait and see" approach in order to determine when or if the Cooperative will participate in the competitive market.

Sam Houston Electric will maintain the "wait and see" approach our Board of Directors adopted earlier this year. We will continue to monitor the progress of electric competition in other parts of Texas and will not participate in a deregulated electricity market unless we determine that it will be beneficial to our member-owners.

Although the 1999 Electric Restructuring Law directed retail electric competition to begin January 1, 2002 in areas of Texas served by investor-owned utilities, legislation allows the PUC to delay full customer choice if a power region is unable to offer fair competition.

The 13-state-area Southeastern Reliability Council is a regional electric grid serving Entergy and a number of municipalities and electric cooperatives, including Sam Houston Electric. Texas law requires the Federal Energy Regulatory Commission to approve a regional transmission organization (RTO) for the SERC to qualify as a power region in order for retail competition to begin. To date, an RTO has not been created and there's been no marketing by retail electric providers in the Entergy area. Consequently, there has been no participation in the electric deregulation pilot project that began last June.

REMEMBER THIS**LOOK FOR TEXAS CO-OP POWER MAGAZINE EVERY MONTH IN 2002**

Starting in January, all member-owners of Sam Houston EC will receive a Texas Co-op Power magazine in their mailboxes each month. Texas Co-op Power is a full-color feature magazine about life in rural Texas that introduces its readers to fascinating people, places and events all across Texas. Readers can take pleasure in learning about a variety of topics, including:

- **People and places unique to Texas**
- **Need-to-know information regarding the electric industry**
- **Delicious seasonal recipes**
- **Creative gardening ideas**
- **Monthly events around Texas the whole family will enjoy**

Along with the magazine's monthly features, Texas Co-op Power magazine will contain up-to-date information about issues affecting members of Sam Houston Electric Cooperative, safety tips, ways to conserve energy that will save you money and services available through the Cooperative. That's right, all the information you normally find in Newsline will be in Texas Co-op Power magazine. As a result, members will no longer receive Newsline.

What this means to you as a member-owner is that you'll get all the information you want and need, delivered to you in one publication every month! Look for the next issue of Texas Co-op Power magazine in your mailbox in January. And of course, remember to visit www.samhouston.net or contact a Member Services Representative at 1-800-458-0381 for cooperative information at a moment's notice.

REMEMBER THIS



YOU CAN LEND A HELPING HAND

Sometimes giving is a gift in itself. In 1992, Sam Houston Electric Cooperative created the Helping Hands Program in an effort to help members in financial distress pay their electric bills. The program is funded entirely by Sam Houston EC employees and members; donations are the key to its success.

Since the community service program's inception, Helping Hands has collected over \$183,000 in contributions from people like you. This year alone, employees and members donated over \$20,000 to help all kinds of people, from the elderly and handicapped to families who may have experienced extraordinary circumstances.

To maintain the program's integrity and ensure proper distribution of funds, Sam Houston Electric disburses all donations through local social service agencies in the counties from which the contributions are made. These agencies represent the ten counties within our service area and administer the funds to cooperative members free of charge. The agencies distribute funds collected by the Helping Hands Program according to the following guidelines set forth by Sam Houston Electric Cooperative:

- Funds are always distributed to residents that live in the county from which the funds were donated;
- Only members of Sam Houston Electric Cooperative are eligible recipients;
- Funds distributed are applied only to Sam Houston Electric Cooperative utility bills and no other debt;
- Applicants are eligible for assistance only one time within a 12-month period; and
- Amount of assistance is not to exceed \$100.

YOUR GIFT CAN MAKE A DIFFERENCE

Each year, we urge our members to contribute to the Helping Hands Program. Making a donation is easy and even a small donation can make a big difference to someone in need. Contribute \$1, \$2, \$5 or any amount you wish by adding it to your monthly Sam Houston Electric bill. Or, if you prefer, you can send a separate, one-time contribution. Just fill out and return the attached form. Lend a Helping Hand...and make a tremendous difference in our community.

I want to lend a Helping Hand.

Please accept this contribution to help Sam Houston Electric Cooperative members when they experience an emergency situation. I understand that the Helping Hands Program is administered by Community Action and benefits only Sam Houston Electric Cooperative members.

Customer No. _____

Name _____

Phone Number _____

Bill my account \$1.00 each month.

Bill my account \$ _____ each month

Enclosed is my contribution of \$ _____
(Do not bill my account each month.)

HOLIDAY EVENTS CALENDAR

Festive holiday activities are happening throughout our ten county service area this month. Visit www.samhouston.net and click on "Current Events" for a complete listing or to submit an event you know about in your area. Here's a small sampling of festivities you and your family can enjoy:

POLK COUNTY

Christmas on the Square, Elf Workshop & Christmas Market

December 15, 2001
12 noon to 10 p.m.
Artisans, Craftsmen, Christmas Music,
Carriage Rides
Lighted Parade 6:00 p.m.
Downtown Livingston
936.327.5242

TYLER COUNTY

Lighting of the Square

Friday, November 30, 2001
5:30 p.m.
Courthouse Square

Christmas in Tyler County

Friday, November 30 and
Saturday, December 1
409.283.2632
www.woodvilletx.com

SAN JACINTO COUNTY

San Jacinto County Christmas Home Tour

Sunday, December 2, 2001
1:00 p.m. to 5:00 p.m.
\$6 admission
Sponsored by the Women's League
Tour begins at the
Cape Royale Clubhouse

Christmas on the Square

Saturday, December 8, 2001
Courthouse Square
9:00 a.m. to 4:30 p.m.
Lighted Parade 6:15 pm

Visit www.samhouston.net often for up-to-date listings in your area and get in the holiday spirit!

SAFETY MATTERS

OH, CHRISTMAS TREE!

Whether fresh or artificial, a Christmas tree is a special part of the holiday season for many people. Though beautiful, fragrant and festive, Christmas trees can also be dangerous. So, keep these points in mind and stay safe as you choose, decorate and care for your tree this holiday season.

Artificial Trees

- Many artificial trees available today are fire resistant; look for a statement verifying this safety feature.
- Never decorate artificial trees that have metallic parts with electrical ornaments or light strings; you could receive a serious shock.

Natural Trees

- Choose a fresh tree at the Christmas tree lot. A fresh tree will stay green longer and be less of a fire hazard than a dry tree; a tree that showers needles when the trunk is bounced on the ground is too dry.
- Cut about two inches off the trunk before putting it in the stand; check the water level daily and keep the stand full while the tree is indoors.
- Keep your tree away from fireplaces, radiators and other heat sources, which can dry your tree out rapidly, creating a fire hazard.
- Use thin guy-wires to secure a large tree to walls or the ceiling; these wires can prevent the tree from tipping or falling – which can break electric lights and decorations and present a fire hazard.



CONSERVATION CORNER

GIVE YOURSELF THE GIFT OF A LOWER ELECTRIC BILL

Here are four ways to waste less energy this season:

- Wait until the dishwasher is full before running it. This saves more water than washing several small loads and even more than washing dishes by hand.
- Turn down the heat before you go holiday shopping. Lower the heat a few degrees before you leave for the day and again just before you go to bed. Programmable thermostats can be set to automatically adjust the temperature according to your schedule.
- Bundle up in sweaters and slippers. Dressing in layers is a good way to keep warm without cranking up the heat.
- Wait until after dark to turn on your tree and outdoor holiday lights, and turn them off by 10 p.m.



CRANBERRY SALAD

Dress up your holiday table with this pretty salad. Serve in glass salad dishes to display the festive color.

1 12-ounce package cranberries
2 cups granulated sugar
1 8-ounce can crushed pineapple
1 cup chopped pecans
1 pint whipping cream
2 cups mini marshmallows

Whip cream until stiff peaks form; set aside. Process cranberries in food processor until fine; transfer to large bowl. Add 2 cups sugar and set aside until sugar is dissolved.

Add pineapple, pecans, whipped cream and marshmallows to cranberry mixture; mix thoroughly. Refrigerate until well chilled and serve.

Serves 12