



CITY OF CORSICANA, TEXAS

June 3, 2012

As summer approaches in Texas, concern about the reliability of the electric power supply becomes a "hot" topic. According to a study recently released by the Electric Reliability Council of Texas, ERCOT, "the growing demand for electricity during the hottest time of year is outstripping new power supplies". The target for reserve power statewide is 13.75 percent. In 2014 that reserve will drop to 9.8 percent and to 6.9 percent by 2015. The typical construction timeline for power projects is two and one half years, and development of a project to be ready for construction can take several years before that. There are not enough projects entering the market to meet the expected growth in demand. In Navarro County, we have the opportunity to contribute to the solution for at least a portion of this problem.

There is a proposed new generation project near Richland, called Navarro Generating LLC. The plant is currently completing the process for acquisition of an air permit through the Texas Commission on Environmental Quality. A public notice was recently published in the Corsicana Daily Sun offering the opportunity for public comment on additional modeling that has been done to further demonstrate the compliance of the plant with TCEQ and the United States Environmental Protection Agency requirements. Ultimately, the decision to grant a permit to such a project is one that will be based on science, not popular vote, emotion or theatrics. If the permit meets the TCEQ requirements, it will be granted.

The science is:

- a natural gas fired power plant is the cleanest way to generate **reliable** electricity
- **conservation** will not be able to meet the increased demand as the population grows
- impact on the **water level** of Richland Chambers Reservoir is minimal
- approximately twenty percent of the **water used** for cooling will be returned to the lake
- the **water quality** of Richland Chambers Reservoir will not be impacted
- impact on the **air quality** of Navarro County is minimal

The revenue impact for Navarro County is great. The four year construction process will have an enormous impact on the community and permanent well-paying jobs will be created. In fact, based on initial discussions with the power plant team regarding various cost estimates, during the first ten years of the project, with tax abatement, approximately \$186,000 per year of revenue could be generated. After the ten year term for tax abatement has expired, the value will remain for the county and could generate as much as \$372,000 per year to be used by the Commissioners for day to day expenses. The revenue potential for the City is great. The project would repay a portion of the raw water line to Richland Chambers constructed in 2008 and could generate approximately \$1,000,000 per year for the City of Corsicana Utility Fund. This revenue would be used to debt service the proposed \$32 million dollar Lake Halbert Treatment Plant expansion as well as other water projects. Since the City of Corsicana provides water for 90 percent of Navarro County, this will have a direct positive impact on all residents. Additionally, the taxes paid to the Corsicana Independent School District could be several million dollars annually, directly benefitting children and families within our communities. Ennis has a natural gas fired plant situated within the city limits near a regional hospital, two public parks and two public schools for 10 years with no adverse impacts.

Rolling black outs or brown outs are not acceptable. State officials will not allow the economy of Texas to be threatened by not having enough electricity to conduct business or allow the cost to become so expensive companies cannot do business at a reasonable cost as is the case in California. As Janet Jacobs wrote in the Corsicana Daily Sun, "the project is

buried in red tape, but it's not dead". Similar plants will be built somewhere including neighboring counties. Why shouldn't the citizens of Navarro County benefit?

I am calling on the citizens of Navarro County to support the project. This may be the single most important project in our lifetime and could chart the direction for the county in the future.

Chuck McClanahan
Mayor