



SENATOR TROY FRASER

CAPITOL UPDATE

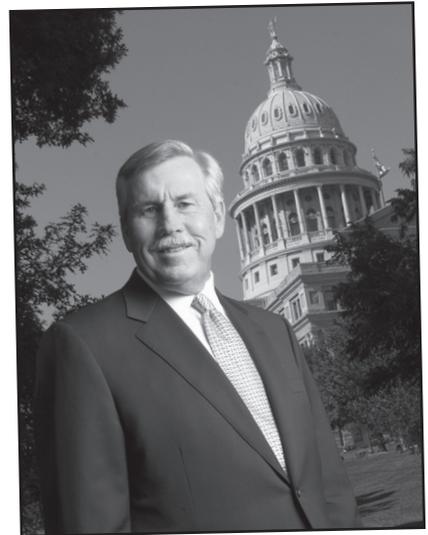
Two Thousand Eight



The Senate of the State of Texas

Senator Troy Fraser

District 24



Dear Fellow Texan:

Senate District 24 is a very diverse district covering 21 counties with over 700,000 residents both rural and urban. It has broad expanses of agriculture with pockets of manufacturing and retail. However when it comes to our goals and desires, we all want the same thing - - government to deliver basic services, but then to get out of the way and let us raise and educate our families and enjoy the benefits of free enterprise.

The lifeblood of every community is the creation of good jobs. As Chairman of the Senate Committee on Business and Commerce, I have helped energize the state's economy through tax cuts, legal reforms and regulatory improvements. Communities within Senate District 24 have done a wonderful job of using the tools the state has given them and their own initiative to expand and diversify their economy. All of us must continue to look for ways to allow for innovation at the local level to ensure that Texas maintains the most robust economy in the United States.

Since the Texas Legislative Session adjourned over one year ago, I have been preparing for the upcoming 81st Regular Session by researching issues and talking to constituents across Senate District 24. Additionally, Senate committees are studying a broad array of issues to improve Texans' quality of life, enhance public safety, and improve the quality of public and higher education, transportation and other essential services.

As we watch oil and gas prices rise worldwide, I am focusing on the Texas electricity market with an emphasis on ensuring there is sufficient generation and cost-effective transmission to meet Texas' growing demand for electricity.

Action of the Senate Committee on Business and Commerce centers on two issues that have been raised within the heart of Senate District 24. First, we are looking at the current governance structure of electric cooperatives to adequately protect customers, increase reliability and respond to consumer complaints in the wake of the Pedernales Electric Cooperative scandal. Second, the committee will examine current industry practices regarding the location of wind turbines to determine whether the state or local governments should be involved in where wind turbines are sited.

I encourage each of you to contact me in the months ahead. Your thoughts and concerns--as well as your legislative suggestions--are important to me as I work during the interim.

Thank you for allowing me to continue to represent you in the Texas Senate. As always, I am honored to serve the people of Senate District 24. I will continue to spend time in the district in the months ahead, visiting with as many of you as I can. Hopefully, I'll see you soon.

Sincerely,

Troy Fraser

TRANSPORTATION UPDATE

Texas has one of the best highway systems in the country. However, that highway system is being threatened because of a lack of communication and cooperation by the Texas Department of Transportation (TxDOT). As a member of the Senate Committee on Finance, Senator Fraser is working with other Senators to get this agency back on the right track.

Last session, the Texas Legislature appropriated \$23 billion for transportation, \$7 billion more than the previous biennium. Additionally, \$9 billion in bonds were approved by the Legislature and voters. In providing this additional funding, legislators believed they were giving TxDOT the tools needed to continue to expand the state's existing highway system. The Legislature also placed a two-year moratorium on financing and developing new private toll roads - including the Trans Texas Corridor.

TxDOT announced in November 2007 that it was experiencing a revenue shortfall despite the additional funding. It claimed the shortfall was the result of inflation, reduced federal grants, increased road maintenance needs and the loss of revenue from proposed private toll road leases. Even with these problems, the agency has refused to issue the \$9 billion in authorized bonds.



Senator Troy Fraser confers with members of the Greater Killeen Chamber of Commerce on local transportation issues and concerns in Bell County. (Photo courtesy of Thad Byers.)

In response the agency shifted funding from new highway and road construction to maintenance of existing roads, cut spending on right of way acquisition and project design, and delayed many road projects that were ready to start. One major project that could be delayed is the expansion of Interstate 35 through Bell County from Troy to Salado. Senator Fraser believes the delay in this project is bad not only for the region, but the entire state.

As a result of these announcements, the Senate Committee on Finance held a joint hearing with the Senate Committee



Senator Troy Fraser discusses funding options for the Texas Department of Transportation with Senator Tommy Williams.

on Transportation and Homeland Security. Committee members, including Senator Fraser, aggressively questioned why the agency has yet to issue the bonds approved by the voters. During the hearing, members were openly skeptical of the legitimacy of the agency's fiscal crisis.

Many committee members stated that they believed that TxDOT was manufacturing the crisis to coerce legislators into backing away from limits on private toll road contracts and into supporting the Trans-Texas Corridor. While the Trans-Texas Corridor might seem like a good idea to some, Senator Fraser supports improving the state's current highway system.

In light of this committee hearing, the Legislature directed the State Auditor's Office to audit the agency. That review is ongoing and a report is expected to be issued in late August or early September.

TxDOT is also under Sunset Review which is a process designed to eliminate waste, duplication and inefficiency. The Sunset Commission's Staff Report for TxDOT cited many complaints that the agency was "out of control." The report said its review occurred against a "backdrop of distrust and frustration" with the agency. The 12-member Sunset Commission will vote on recommendations to take to the Legislature for statutory change.

Senator Fraser understands the importance of road construction and maintenance to the economic health of our state. Businesses and residents must be able to move easily and efficiently from one part of the state to another. However, he believes that the underlying problems facing TxDOT can be resolved once all the facts are known.

BUSINESS & COMMERCE UPDATE

Economic Growth

As chairman of the committee charged with creating jobs, Senator Fraser takes great pride in Texas being named "America's Top State for Business" by a CNBC poll. This poll scored each state on 40 different measures of competitiveness. Texas' strongest showings were in economy, technology and innovation, transportation, and cost of living.

"We have the best business climate in the country," stated Fraser. "I am proud to have helped create these conditions through fewer regulations, a fair legal environment and an educated workforce."



Senator Troy Fraser and Abilene Mayor Norm Archibald welcome the Texas Tech School of Pharmacy to Abilene. This new school is generating growth in Abilene's bioscience industry including the new cancer research company Receptor Logic.

Texas also was named the "Best State to Do Business" by CEO Magazine for the third year in a row. One reason for this honor is the creation of 1.2 million net new jobs in the past five years.

Texas received Area Development magazine's "2008 Gold Shovel Award" for economic development and job creation. "This award is just one more indication that Texas is a leader in job creation and economic development," stated Fraser. "I will continue to promote policies that will allow our state to be the best place to live and work."

Power Generation

Senator Fraser is reviewing the Texas electricity market to ensure there is reliable and sufficient generation to meet the state's growing demand for electricity. This study will include all aspects of generation from fossil fuel plants, to renewable energy, to energy efficiency measures.

Over the past few years, Texas has attracted investment in electric generation from many energy companies. Much of that investment has come through the development of wind power, making Texas the national leader in wind generation.

As a result of legislation authored by Senator Fraser, Texas now has 5,519 megawatts of wind-generated power installed and thousands more megawatts are planned. Wind currently makes up almost 10 percent of the state's total electric generation supply and generates enough electricity to power 1.1 million homes each hot summer day. Taylor County is one example of a community that has benefited from wind energy with the largest wind farm in the world located near Abilene.

Even though many parts of the state have embraced wind energy generation, there are serious questions that the state must answer in order for this industry to continue to mature.

Some communities oppose wind development and are resisting efforts to construct wind farms. In Gillespie County, concerned residents and leaders fought to keep wind development out of the county. They argue that wind development will have a detrimental impact on the natural beauty of the area, the quality of life and land values.

In order to respond to these concerns, the Senate Committee on Business and Commerce is reviewing the current lack of regulations on where wind turbines are sited. This study will assist the Legislature in making policy decisions that help develop wind energy only in those areas where it is welcome and encouraged.

Another problem facing Texas is the lack of adequate transmission capacity to get the power from windy West Texas to the high demand areas of the state. In July, the Public Utility Commission of Texas gave preliminary approval to a \$4.9 billion transmission project to help move the electricity across the state. By adding the increased capacity, the state could increase its total wind transmission capacity to 18,456 megawatts.

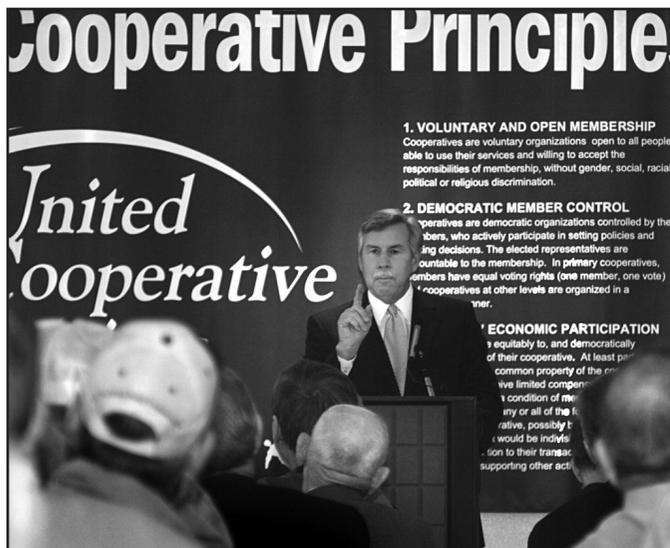


Erath County and Dublin leaders break ground at Environmental Power Corporation's Rio Leche Estates Renewable Natural Gas generation facility in Dublin. This facility will generate pipe-line grade RNG® from dairy cow manure and other waste products. (Photo courtesy of Joan Livingston - Miller Studio in Stephenville.)

ELECTRIC CO-OP UPDATE

Senator Fraser has long been a strong supporter of electric cooperatives. Before the 1930s, while most urban areas had electric service, rural Texas did not. Without electricity, meals were cooked on wood stoves, water was pumped by hand and the night was lit by coal-oil lamps. Because this area was sparsely populated, it was not profitable for private power companies to serve rural areas. Rural Texans banded together to organize cooperatives that provide local, consumer-owned electric service.

Texas removed regulatory oversight of cooperatives in 1999 because legislators assumed that the members could govern the cooperative through the election process. Senator Fraser believes that the beauty of the electric cooperative system is that the members can determine how best to run the cooperative.



Senator Troy Fraser addresses United Cooperative Services employees and board members on the importance of accountability to cooperative members.

However, a large number of concerns have been raised in the last 12 months by the members of Pedernales Electric Cooperative (PEC). Many of these customers are also residents of Senate District 24. Specifically, concerns were raised over the nomination and election process, the lack of transparency by the board of directors and senior management, the failure of the cooperative to return excess profits by paying Capitol Credits, and the level of excessive compensation and benefits received by board members.

In May 2007, a group of PEC members filed a civil lawsuit against the cooperative and the board of directors. The members had appealed to the board to make changes to the cooperative, but those appeals were ignored. Basically, PEC members had to sue themselves to get the board to listen to their concerns. The district court announced that a settlement in the lawsuit had been reached in March 2008. As a member of the cooperative, Senator Fraser



Senator Troy Fraser testifies before the U.S. House Committee on Oversight and Government Reform on the PEC scandal.

was one of the 200 members who objected to the settlement believing it did little to correct the abuses and was not in the best interest of the members. An appeal of the settlement was made by two separate members of the cooperative and the lawsuit is pending in the legal system.

One positive change made by the PEC Board of Directors as a result of legislative and media scrutiny was to the nomination and election process. Instead of the board hand-picking candidates, anyone who submitted a petition with 25 signatures would be placed on the ballot. For the first time in the cooperative's history, an open and fair election was held.

If these abuses are possible at Pedernales Electric Cooperative, Senator Fraser believes they could be happening at other cooperatives in Texas. That is why the Senate Committee on Business and Commerce is taking another look at all electric cooperatives. Senator Fraser always prefers to allow for local control, but if a cooperative board will not remove the barriers for members to be involved by adopting an open meeting and open records policy, the state could be forced to address these issues. In the case of PEC that action could include re-regulation of the cooperative, total dismissal of the board and a full state audit.



Senator Troy Fraser, along with Senators Chris Harris and Leticia Van de Putte, question PEC Board Members at the Senate Committee on Business and Commerce Hearing.

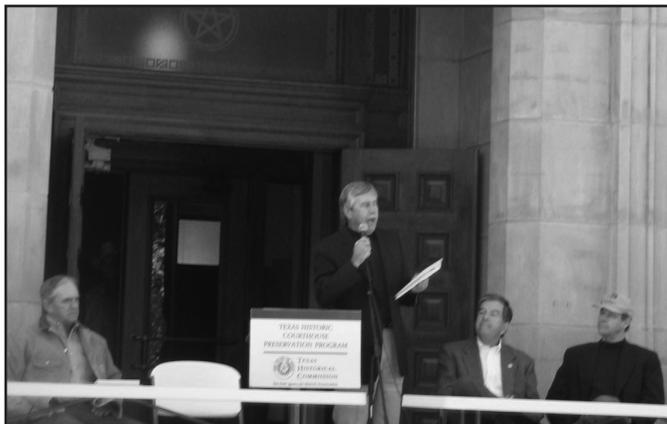
DISTRICT UPDATE

Senator Fraser is proud to represent the 21 counties in Senate District 24. Since redistricting occurred in 2001, this district has included Bell, Blanco, Brown, Burnet, Callahan, Coleman, Comanche, Eastland, Erath, Gillespie, Hamilton, Kerr, Kimble, Lampasas, Llano, Mason, McCulloch, Menard, Mills, San Saba and Taylor Counties. When the district was created in 2000 the total population was 669,842, but the latest estimates by the US Census Bureau put the district's population at 710,480 - an increase of almost 6.1 percent.

Courthouse Restoration Project

Texas has more historic courthouses than any other state. Senator Fraser believes that courthouses are more than just aging structures, they are important local symbols of pride and democracy, as well as attractions for heritage tourism.

For more than 150 years, the Texas courthouse has been the center of public and business life in each county and many Texas communities prospered because of the county courthouse. These buildings are tangible links to the state's past.



Senator Troy Fraser congratulates Menard County officials and residents for a successful effort in restoring their County Courthouse.

In 1999, Senator Fraser sponsored the legislation creating the Courthouse Restoration Preservation Fund. This legislation provided the legal basis for state funds to be appropriated to counties to help restore and preserve historic courthouses.

As a member of the Senate Finance Committee, Senator Fraser has helped secure \$207 million for the restoration and preservation of 68 county courthouses since the program began. Several Senate District 24 counties have received funds from the program. Of those, Erath, Lampasas, Llano and Menard Counties have completed their work and have rededicated their courthouses. Currently, restoration is underway at the Hamilton, McCulloch and Mills County Courthouses.

The program is administered by the Texas Historical Commission which determines the criteria for awarding grant funds, with preference given to courthouses owned by a county and that actually function as a courthouse.



Senator Troy Fraser presents a Senate Proclamation to the President of Howard Payne University at the 2008 Brownwood Chamber Banquet. The resolution honored the HPU Lady Jackets for winning the 2008 NCAA Division III women's basketball national championship. (Photo courtesy of Brownwood Bulletin.)

Senator Fraser is committed to the success of this worthwhile program because it helps counties renovate and showcase Texas' historic courthouses.

Interim Flood News

One year ago, Texas suffered extreme flooding and 15 counties in Senate District 24 were designated federal disaster areas. At the time, Senator Fraser toured devastated areas in Burnet, Eastland and Lampasas Counties and was overwhelmed by the scope of the destruction of the floods.

"As I observed last summer, I am heartened to see how these communities and their leaders were able to come together to rebuild and refocus after the floods," stated Fraser.

Fourteen of the 15 counties were eligible for public assistance to help with debris removal and disposal, emergency services related to the disaster, and the repair of damaged public facilities such as roads, buildings and utilities. FEMA is providing 75 percent of the cost of eligible projects.

While much has been accomplished in the past 12 months, there is still much work to be completed. Most counties have received federal funding and are in the process of completing all the projects that were approved.



Senator Troy Fraser discusses water issues, including 2007 flood clean-up efforts, with Eastland County Judge Rex Fields and Comanche County Judge Bobby Arthur.

SENATOR TROY FRASER



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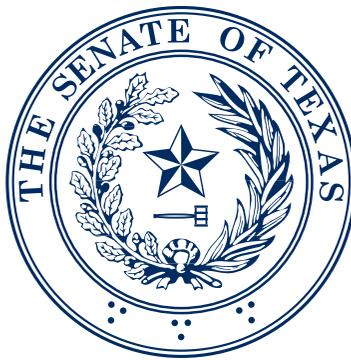
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LISTING OF HELPFUL TELEPHONE NUMBERS

Abuse Hotline (children, elderly, disabled).....	800-252-5400
Children's Health Insurance (CHIP).....	800-647-6558
Child Support Enforcement.....	800-252-8014
Consumer Protection (Attorney General)	800-621-0508
Consumer Credit Helpline	800-538-1579
Crime Victims Compensation	800-983-9933
Crime Stoppers.....	800-252-8477
Emergency Roadside Assistance.....	800-525-5555
Governor's Citizen Assistance Hotline.....	800-843-5789
Injured Workers.....	800-252-7031
Insurance Information and Assistance.....	800-252-3439
Lawyer Referral Service	800-252-9690
Missing Persons Clearinghouse	800-346-3243
Medicaid Hotline	800-252-8263
Runaway Hotline	800-580-4357
Student Financial Aid	877-782-7322
Taxpayer Information	800-252-5555
Unemployment Insurance Hotline.....	800-558-8321
Voter Registration/Elections	800-252-8683
Youth Hotline.....	800-210-2278