

THE MONITOR

'Artrageous'
A great diversity of style and media will be on display this weekend when Edinburg hosts its juried art show.
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Billionaire myths
Misconceptions that they can buy elections and are conservative don't truly reflect this privileged group.
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Watt a game
J.J. Watt powers Texans past the Bills.
• Dallas easily handles New Orleans Saints.
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MONDAY, SEPTEMBER 29, 2014

SERVING THE RIO GRANDE VALLEY SINCE 1909

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On border, military gear elicits mixed reactions

BY JULIAN AGUILAR
THE TEXAS TRIBUNE

EL PASO — A federal program that transfers surplus military equipment to local communities — and is under review by the Obama administration — is drawing mixed reactions from border officials whose regions have benefited from the initiative.

Ran by the Department of Defense's Defense Logistics Agency, the 1033 program allows the transfer of extra or used equipment ranging from aircraft and motor vehicles to tents and binoculars to local, state and other government entities. The receiving entity pays shipping, fraction and storage charges, where applicable.

The program, in place since 1998, came under scrutiny last month after law enforcement personnel in Ferguson, Missouri, responded with armored vehicles to protesters who flooded the streets after the fatal shooting of an unarmed black teenager, Michael Brown, by a white police officer.

Last week, a coalition of advocacy groups expressed alarm over the amount of equipment being sent to Texas school districts. The state has received about 491,000 items since 2006, according to federal data obtained by *The New York Times* and broken down by U.S. News and World Report.

See MILITARY | 4A

Plant to pump power to Mexico

Mission natural gas-fired generation station to join Mexican power grid Jan. 1

BY KRISTEN MOSBRUCKER | STAFF WRITER

MISSION — The international border between the United States and Mexico can seem porous as people, commerce, and services regularly trek back and forth, especially in the Rio Grande Valley given its history of cross-border trade.

Last year, permits for a new natural gas pipeline from Starr County and destined for Mexico were approved, and a direct current electricity line of 300 megawatts connects the two nations allowing for some import and export of power since 2007.

But for the first time, a natural gas generation plant on Texas soil is planning to pump electricity into Mexico's power grid as of Jan. 1.

"The previous owners just decided not to sell into Mexico. I think it was something that it was neglected in the past,"

See POWER | 4A

Start-up rocket company eyes area

Firefly Space Systems considers launch site in Cameron County

BY EMMA PEREZ-TREVINO
STAFF WRITER

HARLINGEN — Firefly Space Systems, a start-up satellite launch company, needs a launch site and Cameron County is among prospective locations.

The firm, which said it recently relocated from California to Cedar Park near Austin, issued a written statement Friday. "While launch sites have yet to be determined, Firefly's Chief Operating Officer PJ King has interest in Texas' Brownsville area launch site."

"We absolutely want to build a launch site here in Texas. Having our launch site in Texas would be a triple whammy bringing together design and engineering, testing and a launch site all in one state."

See ROCKET | 4A

A Wendy Davis loss could still help Democrats

BY WILL WEISSER
THE ASSOCIATED PRESS

AUSTIN — Wendy Davis may well lose the Texas governor's race, but that could still be a win for the Democrats.

The state senator from Fort Worth has shattered Texas Democratic fundraising records and breathed new life into a state party mired in the nation's longest political losing streak. Her underdog campaign has also given Democrats the impetus and opportunity to assemble a political bench that could face future elections with greater ease.

"We initially thought it would take years for Texas to become a battleground, but thanks to Senator Davis' candidacy and the grassroots movement we've been

See DEMOCRATS | 4A

Associated Press photo

A member of the South Central Emergency Response team is seen atop a M113A2 Armored Personnel Carrier during a demonstration Jan. 23, 2007, in Richwood Pa. The Defense Department gives away free military equipment to state and local government agencies, mostly police departments, under its surplus-supplies program.

Site of power plant in Starr County, Texas

Site of power plant in Mexico

Point of interconnection

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4A

The Monitor, www.themonitor.com | MONDAY, SEPTEMBER 29, 2014

Obama official defends Secret Service handling of '11 gunfire

TRIBUNE WASHINGTON BUREAU

WASHINGTON — The White House defended the Secret Service on Sunday after a newspaper investigation detailed how the agency fumbled its response to a gunman firing on the White House in 2011, while President Barack Obama's youngest daughter and his mother-in-law were inside.

"The men and women of

the Secret Service put their lives on the line for the president of the United States, his family and folks working in the White House every single day, 24 hours a day," deputy national security adviser Tony Blinken said on CNN's *State of the Union*.

"Their task is incredible and the burden that they bear is incredible."

Blinken spoke after publication of a story in *The Washington Post* about the

confused response to the 2011 shooting. The gunman, Oscar Ramirez Ortega, fired a rifle shot at the White House from a nearby street.

About a week ago, another man, Omar J. Gonzalez, 42, was arrested and charged with unlawful entry into the White House complex when he eluded several layers of security and entered through the North Portico.

On the night of 2011 shooting, Ortega, Hernandez, a window on the second floor very close to the first family's formal living room, "at least seven bullets struck the upstairs residence of the White House, flying some 700 yards across the South Lawn," the *Post* reported.

Ortega was arrested days later, but according to the report, it took the Secret Service five days to acknowledge that bullets had

hit the White House. Only after a housekeeper noticed broken glass did the Secret Service realize bullets had hit the residential quarters.

The president and his wife, Michelle, were not home at the time. When Obama returned to the White House days later, he was extremely upset, according to the newspaper.

Edwin Donovan, a spokesman for the Secret Service, declined to comment about the report.

Blinken said the director of the Secret Service, Julia Pierce, has been looking into what happened.

"The Secret Service is investigating this and they will take any steps necessary to correct any deficiencies," he said.

The Secret Service has come under intense scrutiny in recent years. In 2012, some agents were involved in a prostitution scandal in Colombia before the president's visit there.

DEMOCRATS

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building on the ground, we have catapulted into being a competitive state," said John Brown, executive director of Battleground Texas and the former field director for President Barack Obama's 2012 re-election campaign in the swing state of Ohio.

Battleground Texas is a multi-million dollar group not officially affiliated, but still closely aligned, with Texas and national Democratic Party efforts. It's seeking to turn one of America's most conservative red states blue.

Meanwhile, the Texas Democratic Party has increased its staff to around 115 and plans to hire around 300 people to canvass door-to-door before Election Day. Party officials also say they're compiling voter data that's consistent across all Texas counties to make community organizing easier. And, for the first time in at least 12 years, there's at least one Democrat running in each of Texas' 254 counties.

"We got our act together in a way that wasn't there in 2010," said D. Giss, Texas Democratic Party executive director for Travis County, which includes Austin. Giss helped run the campaign of Bill White, who lost to Gov. Rick Perry that year.

Only 38 percent of registered Texas voters cast ballots during the 2010 general election. So, Democratic outreach efforts can increase future participation from sympathy.

Republican slams don't get close.

"We're not shooting for the moon here," Giss added.

ROCKET

From Page 1A

When asked to clarify whether the company hopes to access the launch complex, that SpaceX will develop at Boca Chica near Brownsville or if it proposes a new site, the firm's Vice President of Business Development, Maxwell Gannon said Friday that the company is in the "very early" stages of exploring sites with options "from the Cape to Kodiak."

With a newly acquired 200-plus-acre test site facility in Central Texas, Gannon said that it "makes sense" to launch from there.

In a tweet sent Friday, the firm stated that a site search was under-

way. "With any luck, we may find something along the T1, Coastal Bend, AR, HI, NM, TX, others being considered."

SpaceX declined to comment for this story.

Brownsville Economic Development Council Vice President, Gilbert Salinas would neither confirm nor deny if the firm has contacted them.

"We're currently working on different projects in the space industry," he said.

According to the firm's statement, the Cedar Park Economic Development Corp. awarded the firm up to \$1.225 million in incentives and employment grants following the rocket company's relocation from Hawthorne, California. The company said its expansion

plans include building a Central Texas team of 200 employees with an annual payroll of about \$12 million by 2015.

The firm said it also plans to invest about \$7.5 million in property, plant and equipment over the 10-year agreement with Cedar Park, and that negotiations for a 20,000-square-foot office location for fire-ware are being finalized.

The firm's website states "Our primary focus here at Firefly is to develop the world's best and lowest-cost light satellite launch vehicle."

Firefly has been developing its technologies developed by our world-class team in our designs and employing mass production processes. Where we see moderate risk, high pay off technical

or business opportunities, we take them."

Firefly states that its team consists of seasoned aerospace engineers that have spent the past decade working at various space companies, including Elon Musk's SpaceX, Jeff Bezos' Blue Origin and Richard Branson's Virgin Galactic.

According to Firefly, prior to co-founding Firefly, CEO Thomas L. Markate served in a variety of technical and leadership roles in new space companies, vice president of propulsion at Virgin Galactic, senior systems engineer at Blue Origin and director of the Texas test site and principle propulsion engineer at SpaceX.

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MILITARY

From Page 1A

Opponents argue that the program leads to militarization of communities and that a review is not enough.

"Until we're satisfied that this equipment is being used responsibly, we should suspend the program," indefinably, U.S. Rep. Ben Ray Lujan, D-N.M., said.

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program to obtain equipment like a helicopter and a military aircraft.

"We think it's a great program," a sheriff's office spokesman, Brenda Medina, said. "You don't put a bullet on the taxpayers."

Further south, Starr County has received dozens of requests for equipment worth hundreds of dollars, and four utility trucks worth about \$10,000 each.

The county sheriff, Ed Villarreal, said that some items were a "bit much" but that every community has different needs.

"It is very useful for communities that need extra help," he said. "I don't see it as a negative."

Minion Schimacher, a public affairs officer with the federal agency that oversees the program, said the review was underway.

"Secretary of Defense Chuck Hagel has directed his staff to cooperate fully with the review to ensure that the transfer of Department of Defense materials for law enforcement strikes

the proper balance of accountability and purpose," Schimacher said in an email.

Schimacher added that 60 percent of the items transferred were not weapons, and that fewer than 1 percent were tactical vehicles. More than 8,000 law enforcement agencies participate, all of which have to specify through their state governments how equipment will be used.

U.S. News and World Report reported that El Paso had received nearly half of the equipment sent to Texas, though the sheriff's and police departments have not received the bulk of it. Most has gone to the Department of Homeland Security, which has received equipment ranging from 520 kneepads to \$80,000 buses.

Some elected officials have advocated more transparency about the equipment transferred and where it goes.

"They should track it as if they spent hard-earned tax dollars," Villarreal said.

power issues in the region.

LEGISLATIVE OVERSIGHT

Local leaders in the Texas Legislature said the balance between encouraging industry while maintaining public integrity is difficult and that energy generation investors are reluctant to put out money for new power plants due to leaner margins.

"While I have concerns about the proposal and have expressed those concerns in ERCOT, I will be watching carefully how ERCOT evaluates the proposal and determines the impact," said state Rep. Rene O. Oliviera, D-Brownsville, who sits on the regulated industries committee that oversees the state's electric grid. "Any action that might negatively impact the availability, reliability, or affordability of electricity in the Valley is going to receive serious scrutiny by regulators and the Legislature."

But others call the project an economic boost to the investment, natural gas is worth almost nothing in the U.S., said state Rep. Jerry Canales, D-Frisburg, who co-hosted a public hearing in Edinburg on impact of Mexico's reforms on the Texas economy on Friday.

ERCOT officials said, is anticipated to be a Boeing 737 air plane sitting on a tarmac on the outskirts of a major city in the Valley, aviation repair technician Jerry Moore, 63, of Hartings,

allow for a transmission line of up to 250 kilovolts from 138 kilovolts.

Blackstone submitted an application to the Department of Energy to give a wholesale electricity provider access into Mexico's market in May, but retracted their submission after Mexican President Enrique Peña Nieto announced congressional reforms that allowed wholesale providers to participate in the retail market.

Blackstone officials had said in its application to the Department of Energy that LoneStar Power Marketing LLC, a subsidiary company created by Blackstone, did not have "native load obligations" and its loss would not impact Texas' electricity reliability.

The Federal Power Act and Department of Energy regulations require that experts are only permitted if it would not "impair the sufficiency of electric power supply in the United States" or interfere with the power supply network.

COMMUNITY RESPONSE

But not everyone wants to see American reserves sold over the border.

Ducking through the door of a Boeing 737 air plane sitting on a tarmac on the outskirts of a major city in the Valley, aviation repair technician Jerry Moore, 63, of Hartings,

POWER

From Page 1A

said Sean Klimczak, senior managing director for the Blackstone group, a venture capital investment firm based in New York that purchased the Frontera Generation plant here from Direct Energy in 2013.

In the fine print of the transaction were a \$65 million cash transfer and an agreement that Direct Energy would continue to receive the monetary equivalent of all the electricity generated from the Mission plant and two others in Batrop and Paris, which produce a combined 1,295 megawatts, for an undisclosed amount for three years.

Direct Energy, an electricity corporation based in Houston, declined an interview for this story and only provided a news release on the sale of the power plants.

Klimczak likened the process to sending excess natural gas reserves.

"We can export power to Mexico just like we are exporting natural gas," he said.

Blackstone officials said they plan to export 170 megawatts of electricity to the Mexican market starting next year and anticipate that the entire plant capacity of 524 megawatts will be removed from the Electricity Reliability Council of Texas, or ERCOT, grid as of 2014 and until December 2023.

Blackstone maintains they reserve the right to sell in either the United States or Mexico at any time, and drew a contract was signed holding them to a deal over the border until 2023.

"If electricity is very tight in South Texas, then we are going to be incentivized to sell into South Texas," Klimczak said.

The reason for the decision, Blackstone officials said, directly correlated to the price per kilowatt for commercial power in Mexico. It was 18.1 cents/kWh and 11.4 cents/kWh for industrial in 2011, according to the last report conducted by Secretaría de Energía de México (SENER), the policy arm for the Mexican government when it comes to electricity reliability.

Multiplying that by 3.3 million commercial customers and 31.3 million residential consumers and that's a big chunk of change. In Texas, the price per kilowatt for commercial power barely hits 10 cents.

Furthermore, as Mexico continues to develop their own resources, Blackstone questioned market shifts.

"I've don't export power to Mexico, what is going to happen?" asked Klimczak. "Mexico is going to build power plants to satisfy their needs and that isn't a net

good thing for our country," he said of taxes and jobs in the United States.

BUILT FOR EXPORT

Frontera Generation, a combined cycle natural gas facility on Goodwin Road, was built in 1999 alongside a 138 kilovolt single-circuit electric transmission line that runs into the Cumbres substation in Beynosa and intersects with the Comisión Federal de Electricidad (CFE) system, the power grid run by the Mexican government.

The project was approved via presidential permit and stamped by the Department of Energy.

At the time, wholesale electricity providers were prohibited from selling retail electricity, which means directly to customers or businesses without using a broker. So, a series of subsidiary corporations were formed and joined by then Florida-based TECO Power Services Corporation and reapplied for the permit. When TECO dropped out of the energy market, permit rights were reverted back to Frontera.

In 2004, Centrica North American Companies, a Direct Energy subsidiary, owned the Mission power plant for a decade until its sale to Blackstone in a large deal of the three natural gas facilities.

The current permits also

allow for a transmission line of up to 250 kilovolts from 138 kilovolts.

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