

PAY TO THE ORDER
OF STATE COMPTROLLER
TCEQ

16413

221944 E-7N

Texas Commission on Environmental Quality

Use Determination for Pollution Control Property Application

A person seeking a use determination must complete this application form. For assistance in completing the application form please refer to the *Instructions for Use Determination for Pollution Control Property Application Form TCEQ-00611*, as well as the rules governing the Tax Relief Program in Title 30 Texas Administrative Code Chapter 17 (30 TAC 17). Information relating to completing this application form is also available in the TCEQ regulatory guidance document, *Property-Tax Exemptions for Pollution Control Property, RG-461*. For additional assistance, please call the Tax Relief Program at 512-239-4900.

You must supply information for each field of this application form unless otherwise noted.

Section 1. Eligibility

1. Is the property/equipment subject to any lease or lease-to-own agreement? Yes No
2. Is the property/equipment used solely to manufacture or produce a product or provide a service that prevents, monitors, controls, or reduces air, water or land pollution?
Yes No
3. Was the property/equipment acquired, constructed, installed, or replaced before January 1, 1994? Yes No

If the answer to any of these questions is 'Yes', then the property/equipment is not eligible for a tax exemption under this program.

Section 2. General Information

1. What is the type of ownership of this facility?
Corporation Partnership Utility
Sole Proprietor Limited Partner Other:
2. Size of Company: Number of Employees
1 to 99 500 to 999 2,000 to 4,999
100 to 499 1,000 to 1,999 5,000 or more
3. Business Description: (Briefly describe the type of business or activity at the facility)
Electric Power Generation and Transmission Cooperative
4. Provide the North American Industry Classification System (NAICS) six-digit code for this facility. 221112

Section 3. Type of Application and Fee

1. Select only one:

Tier I – Fee: \$150

Tier II – Fee: \$1,000

Tier III – Fee: \$2,500

2. Payment Information:

Check/Money Order/Electronic Payment Receipt Number: xxxxxx

Payment Type: Check

Payment Amount: 2500

Name on payment: TCEQ

Total Amount: 2500

NOTE: Enclose a check, money order to the TCEQ, or a copy of the ePay receipt along with the application to cover the required fee.

Section 4. Property/Equipment Owner Information

1. Company Name of Owner: Brazos Electric Power Cooperative, Inc.

2. Mailing Address: 2404 LaSalle Ave. ; PO Box 2585

3. City, State, Zip: Waco, Texas, 76702-2585

4. Customer Number (CN): 600128821

5. Regulated Entity Number (RN):100221985

6. Is this property/equipment owned by the CN listed in Question 4? Yes No

If the answer is 'No,' please explain:

7. Is this property/equipment leased from a third party? Yes No

If the answer is 'Yes,' please explain:

8. Is this property/equipment operated by the RN listed in Question 5? Yes No

If the answer is 'No,' please explain:

Section 5. Name of Property/Equipment Operator (If different from Owner)

1. Company Name:

2. Mailing Address:

3. City, State, Zip:

4. Customer Number (CN):

5. Regulated Entity Number (RN):

Section 6. Physical Location of Property/Equipment

1. Name of Facility or Unit where the property/equipment is physically located: Jack County Generation Facility

2. Type of Mfg. Process or Service: Electric Power Generation

3. Street Address: 3844 Henderson Ranch Road
4. City, State, Zip: Bridgeport, Texas, 76426

Section 7. Appraisal District with Taxing Authority

1. Appraisal District: Jack County
2. District Account Number(s):

Section 8. Contact Name

1. Company Name: H&H Associates
2. First Name of Contact: Jim
3. Last Name of Contact: Harris
4. Salutation: Mr. Mrs. Ms. Dr. Other:
5. Title: President
6. Mailing Address: 406 FM 3016
7. City, State, Zip: Grapeland, Texas, 75844
8. Phone Number/Fax Number: (936) 687-4230 / (936) 687-9064
9. Email Address: h-h@hughes.net
10. Tracking Number (optional):

Section 9. Property/Equipment Description, Applicable Rule, and Environmental Benefit

For each piece, or each category, of pollution control property/equipment for which a use determination is being sought, answer the following questions.

Attach additional response sheets to the application for each piece of integrated pollution control property/equipment if a use determination is being sought for more than one (1) piece.

General Information

1. Name the property/equipment: Jack 2 Heat Recovery Steam Generators (HRSG3/HRSG4) and Dedicated Ancillary Systems
2. Is the property/equipment used 100% as pollution control equipment? Yes No
If the answer is 'Yes,' explain how it was determined that the equipment is used 100% for pollution control:
3. Does the property/equipment generate a Marketable Product? Yes No
If the answer is 'Yes,' describe the marketable product: Electric Power
4. What is the appropriate Tier I Table or Expedited Review List number? B-8
5. Is the property/equipment integrated pollution control equipment? Yes No
If the answer is 'No,' separate applications must be filed for each piece of property/equipment.

6. List applicable permit number(s) for the property/equipment: Jack 2 - 83801/PSD-TX-1117 ; Title V O-02169

Incremental Cost Difference

7. Is the Tier I Table percentage based on the incremental cost difference? Yes No

If the answer is 'Yes,' answer the following questions:

8. What is the cost of the new piece of property/equipment?
 9. What is the cost of the comparable property/equipment?
 10. How was the value of the comparable property/equipment calculated?

Property/Equipment Description

11. Describe the property/equipment. (What is it? Where is it? How is it used?) See Attachment 1

Applicable Rule

12. What adopted environmental rule or regulation is being met by the construction or installation of the property/equipment? The citation must be to the subsection level. See Attachment 1

Environmental Benefit

13. What is the anticipated environmental benefit related to the construction or installation of the property/equipment? See Attachment 1

Section 10. Process Flow Diagram (Optional)

Attach documentation to the application showing a Process Flow Diagram for the property/equipment.

Section 11. Partial-Use Percentage Calculation

This section must be completed for all Tier III applications. Attach documentation to the application showing the calculations used to determine the partial-use percentage for the property/equipment.

Section 12. Property Categories and Costs

List each piece of property/equipment of integrated pollution control property/equipment for which a use determination is being sought.

| Property/Equipment Name | Tier 1 Table No. or Expedited Review List No. | Use Percent | Estimated Dollar Value |
|---|---|-------------|------------------------|
| Land: | | | |
| Property: Jack 2 - Heat Recovery Steam Generators and Dedicated Ancillary Sys | B-8 | 74.66 | \$105,244,426 |

| | | | |
|-----------|--|--|---------------------|
| Property: | | | |
| Property: | | | |
| | | | Total: \$78,573,042 |

Attach additional response sheets to the application if more than three (3) pieces.

NOTE: Separate applications must be filed for each piece of nonintegrated pollution control property/equipment.

Section 13. Certification Signature

Must be signed by owner or designated representative.

By signing this application, I certify that I am duly authorized to submit this application form to the TCEQ and that the information supplied here is true and accurate to the best of my knowledge and belief.

Printed Name: Mike Meyers

Date:

Signature: Mike Meyers

3/5/2012

Title: Manager, Environmental Services

jm

Company Name: Brazos Electric Power Cooperative, Inc.

Under Texas Penal Code 37.10, if you make a false statement on this application, you could receive a jail term of up to one year and a fine up to \$2,000, or a prison term of two to 10 years and a fine of up to \$5,000.

Application Submission

Send the completed application and the appropriate fee, along with a complete copy of the completed application for the appraisal district, to:

U.S. Mail

Cashiers Office, MC 214
Tax Relief Program
TCEQ
PO Box 13088
Austin TX 78711-3088

Physical Address

Cashier's Office, MC 214
Building A
TCEQ
12100 Park 35 Circle
Austin TX 78753

Brazos Electric Power Cooperative, Inc.
Jack County Generation Facility
HRSG – B-8

Pollution Control Property/Equipment Use Determination

Attachment 1

9.11. Describe the property. (What is it? Where is it? How is it used?)

The pollution control property described in this application is the heat recovery steam generators (HRSGs) and dedicated ancillary systems (PC Property) installations.

Jack County - Jack 2 Expansion Project – HSRG3 and HRSG4

The Jack 2 expansion project consists of a set of a combined-cycle power plant with (2) gas combustion turbines (CTs) equipped with (2) heat recovery steam generators (HRSG3 and HRSG4) and dedicated ancillary systems necessary to capture heat from the CTs exhaust and convert it into electrical power. The HRSGs are installed at the exit of the CTs to capture and utilize the waste heat of combustion from the CTs exhaust gas and utilizes this waste heat to produce steam, which in turn powers a steam turbine-generator set to produce electrical power at the Facility in addition to the electrical power generated by the CTs alone.

The Facility gains both production and pollution control benefits from the subject PC Property. First, the use of this waste heat of combustion by the HRSGs create a thermal efficiency benefit for the Facility. Specifically, the use of waste heat from the CT exhaust gas results in the conversion of some of 50-55% of the chemical energy of the natural gas utilized at the Facility into electricity (HHV basis), a gain over the approximately 36% efficiency of the CTs alone use of the fuel in a simple cycle gas turbine (Brayton Cycle). Secondly, due to this efficiency gain, the Facility is able to generate fewer emissions (particularly NOx emissions) than a traditional power generation facility utilizing a single thermodynamic cycle; and allowing the subject PC Property to appear on the Expedited Review List.

9.12. What adopted environmental rule or regulation is being met by the construction or installation of this property?

The Pollution Control Property (PC) was installed to meet the requirements of 40 CFR Part 60.44da(a) "Standards for nitrogen oxides (NOX) for Electric Utility Steam Generating Units for new source performance standards (NSPS).

As well, the PC Property allows emissions to meet or exceed best available control technology (BACT) emission limitations established in federal operating permit # O-2169. Per 30 Texas Administration Code (TAC) §122.143(4), the permit holder must comply with all terms and conditions codified in the permit and any provisional terms and conditions required to be included with the permit.

Attachment 1 cont'

9.13. What is the anticipated environmental benefit related to the construction or installation of the property?

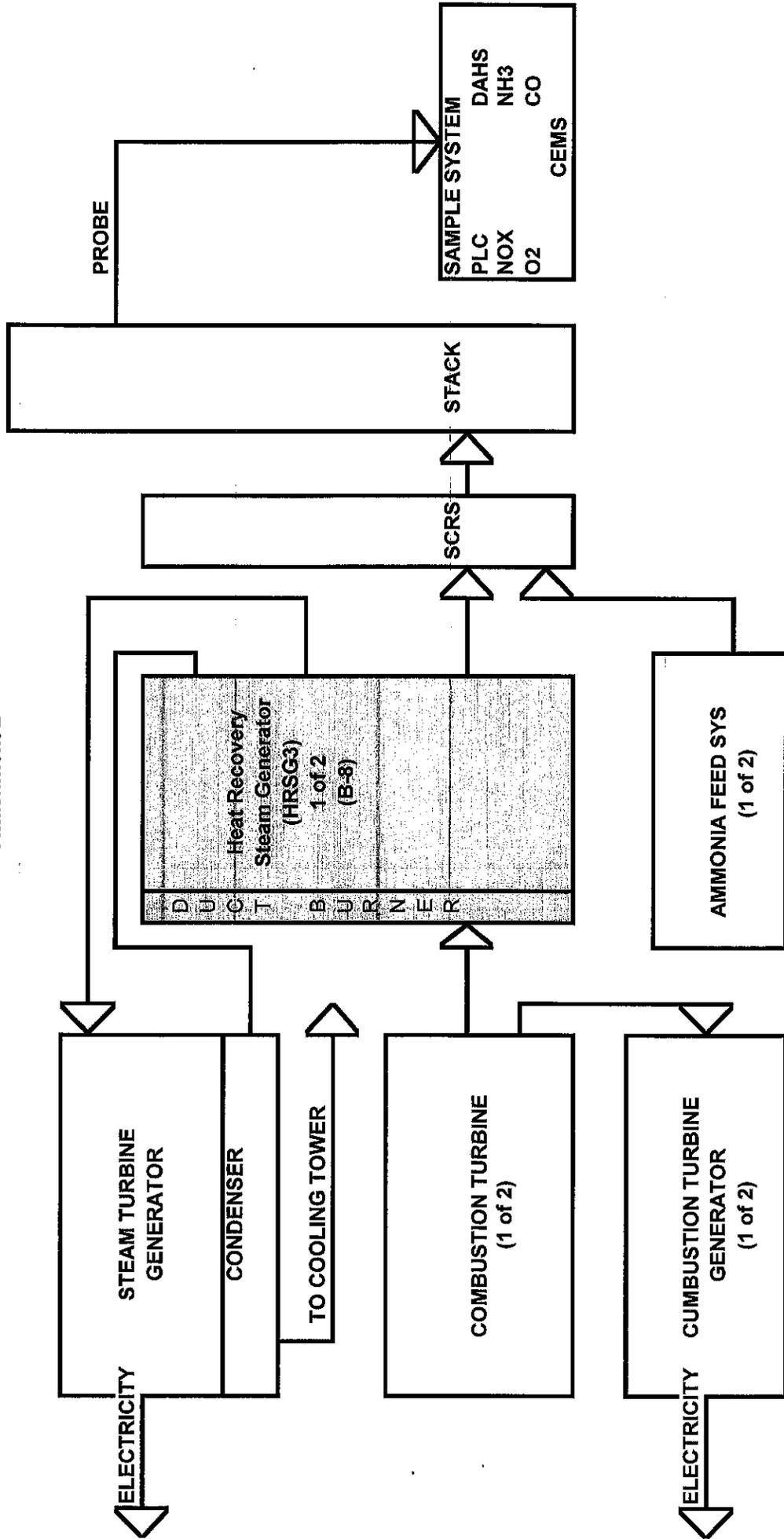
The PC Property reduces the formation of and/or controls the emission of NOx and other air emissions associated with the combustion of natural gas used in combined cycle power generation at the Facility. Since less fuel is required per kilowatt of power produced, less exhaust gas emissions (NOx, CO, CO2) are emitted. Therefore, the HRSG's primary purpose of capturing and converting waste heat from the combustion turbine results in meaningful environmental benefits.

See Attachment 4 for calculation methodology used to calculate the partial use determination per requirements of TCEQ Pub. No. RG-461.

Brazos Electric Power Cooperative, Inc.
 Jack County Generation Facility

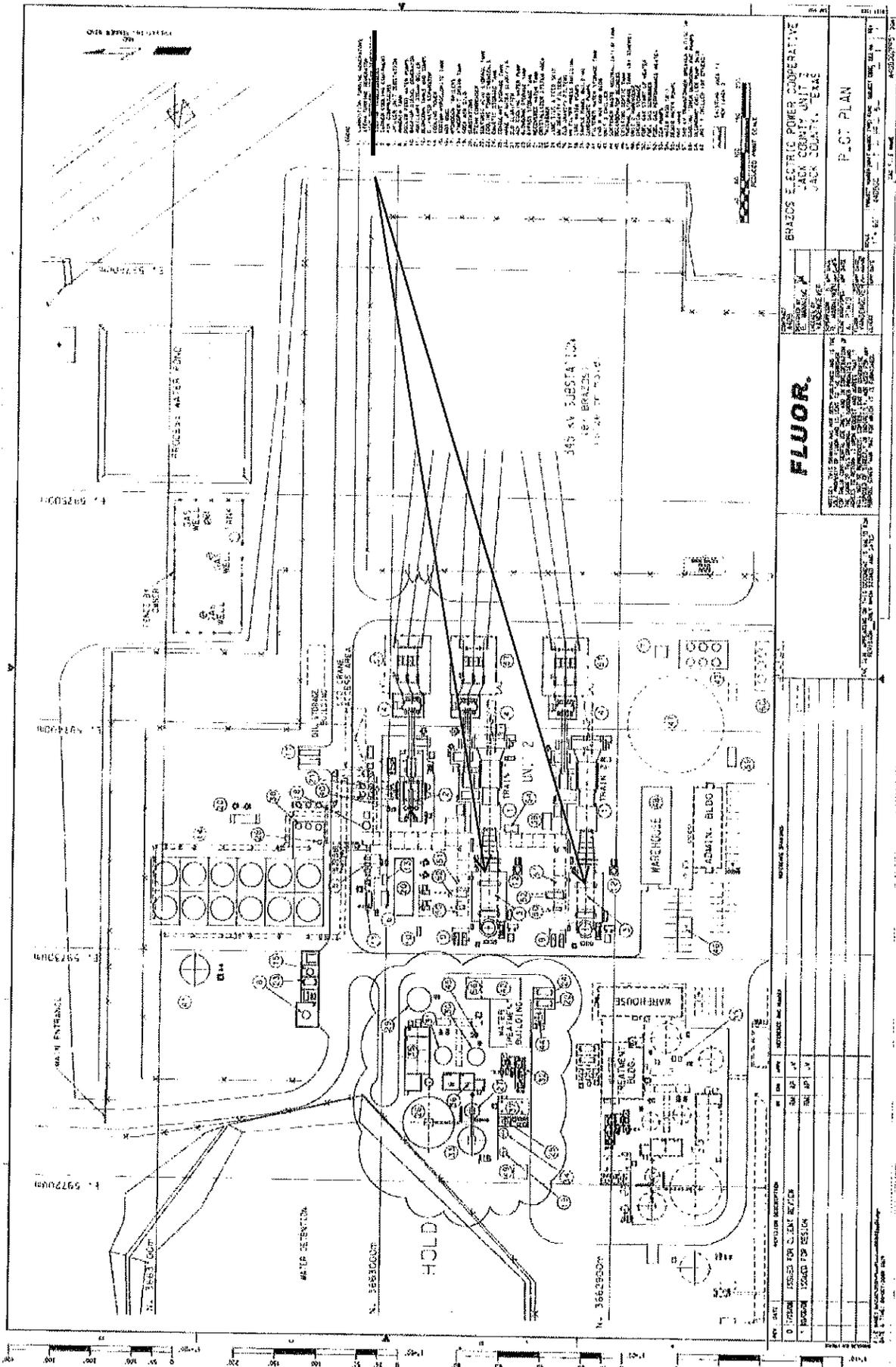
Jack 2

Pollution Control Equipment Use Determination Document
 Attachment 2



Note: Flow Diagram for CT and HRSG is same for CT4/HRSG4 arrangement.

Attachment 3





TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 10, 2012

Mr. Jim Harris
Tax Agent
H & H Associates
406 FM 3016
Grapevine, Texas 75844

Re: Notice of Negative Use Determination
Brazos Electric Cooperative, Inc.
Jack County Generation Facility
3844 Henderson Ranch Rd
Bridgeport (Jack County)
Regulated Entity Number: RN100221985
Customer Reference Number: CN600128821
Application Number: 16413

Dear Mr. Harris:

This letter responds to Brazos Electric Cooperative, Inc.'s Application for Use Determination, received March 7, 2012, pursuant to the Texas Commission on Environmental Quality's (TCEQ) Tax Relief for Pollution Control Property Program for the Jack County Generation Facility.

The TCEQ has completed the review for application #16413 and has issued a Negative Use Determination for the property in accordance with Title 30 Texas Administrative Code (TAC) §17.4. The justification for the negative use determination is provided below.

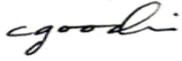
Heat recovery steam generators and associated dedicated ancillary equipment are used solely for production; therefore, are not eligible for a positive use determination.

Please be advised that a Negative Use Determination may be appealed. The appeal must be filed with the TCEQ Chief Clerk within 20 days after the receipt of this letter in accordance with 30 TAC §17.25.

If you have questions regarding this letter or need further assistance, please contact Ronald Hatlett of the Tax Relief for Pollution Control Property Program by telephone at (512) 239-6348, by e-mail at Ronald.Hatlett@tceq.texas.gov, or write to the Texas Commission on Environmental Quality, Tax Relief for Pollution Control Property Program, MC-110, P.O. Box 13087, Austin, Texas 78711-3087.

Mr. Jim Harris
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July 10, 2012

Sincerely,

A handwritten signature in cursive script, appearing to read "cgoodin".

Chance Goodin, Team Leader
Stationary Sources Team
Air Quality Division

CG/RH

Enclosure

cc: Chief Appraiser, Jack County Appraisal District, PO Box 958, Jacksboro, Texas
76458