

LCRA Transmission Services Corporation

Board Agenda

Wednesday, August 24, 2011
LCRA Board Room
Austin

Items from the Chief Executive Officer

Chief Operating Officer’s Update

Items from the Chief Financial Officer

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- 2. Financial Report..... 5

Consent Items

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Topics

- 5. Acquisition of Land and Land Rights in Tom Green County..... 12

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Legal Notice

Although this is the expected agenda, the Board may discuss or take action on any item listed in the legal notice, which may include some items not currently on the Board agenda. Legal notices are available on the Texas Secretary of State Web site 72 hours prior to the meeting at the following link: <http://www.sos.state.tx.us/open/>.

Executive Session

The Board may go into executive session for deliberation on the matters listed in the legal notice posted pursuant to Chapter 551 of the Texas Government Code.

The Board may take final action on any of the executive session matters upon reconvening in open session pursuant to Chapter 551 of the Texas Government Code.

OVERVIEW OF LCRA TRANSMISSION SERVICES CORPORATION

In connection with the implementation of retail competition in the electric utility industry in the State of Texas, LCRA was required by the Texas Legislature in its amendments to the Public Utility Regulatory Act (enacted in 1999 under State legislation known as Senate Bill 7, and referred to as SB 7) to unbundle its electric generation assets from its electric transmission and distribution assets. LCRA conveyed, effective Jan. 1, 2002, all of its existing electric transmission and transformation assets (collectively, the Transferred Transmission Assets) to the LCRA Transmission Services Corporation (LCRA TSC) pursuant to the terms of an Electric Transmission Facilities Contract (the Initial Contractual Commitment), dated Oct. 1, 2001.

LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and the right to collect revenues for, electric transmission and transformation services. LCRA TSC is an electric transmission service provider (a TSP) under the state's open-access electric transmission regulatory scheme within the approximately 85 percent area of the state covered by the Electric Reliability Council of Texas (ERCOT). In such capacity, LCRA TSC is entitled to receive compensation from all electric distribution service providers using the electric transmission system within ERCOT. As a TSP in the ERCOT region of the state, the rates that LCRA TSC will charge for transmission services are regulated by the Public Utility Commission of Texas (PUC) and determined pursuant to transmission cost of service rate proceedings filed with and approved by the PUC.

Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services agreement between LCRA TSC and LCRA. This includes procuring goods and services on behalf of LCRA TSC and is reflected in the LCRA Board agenda contracts.

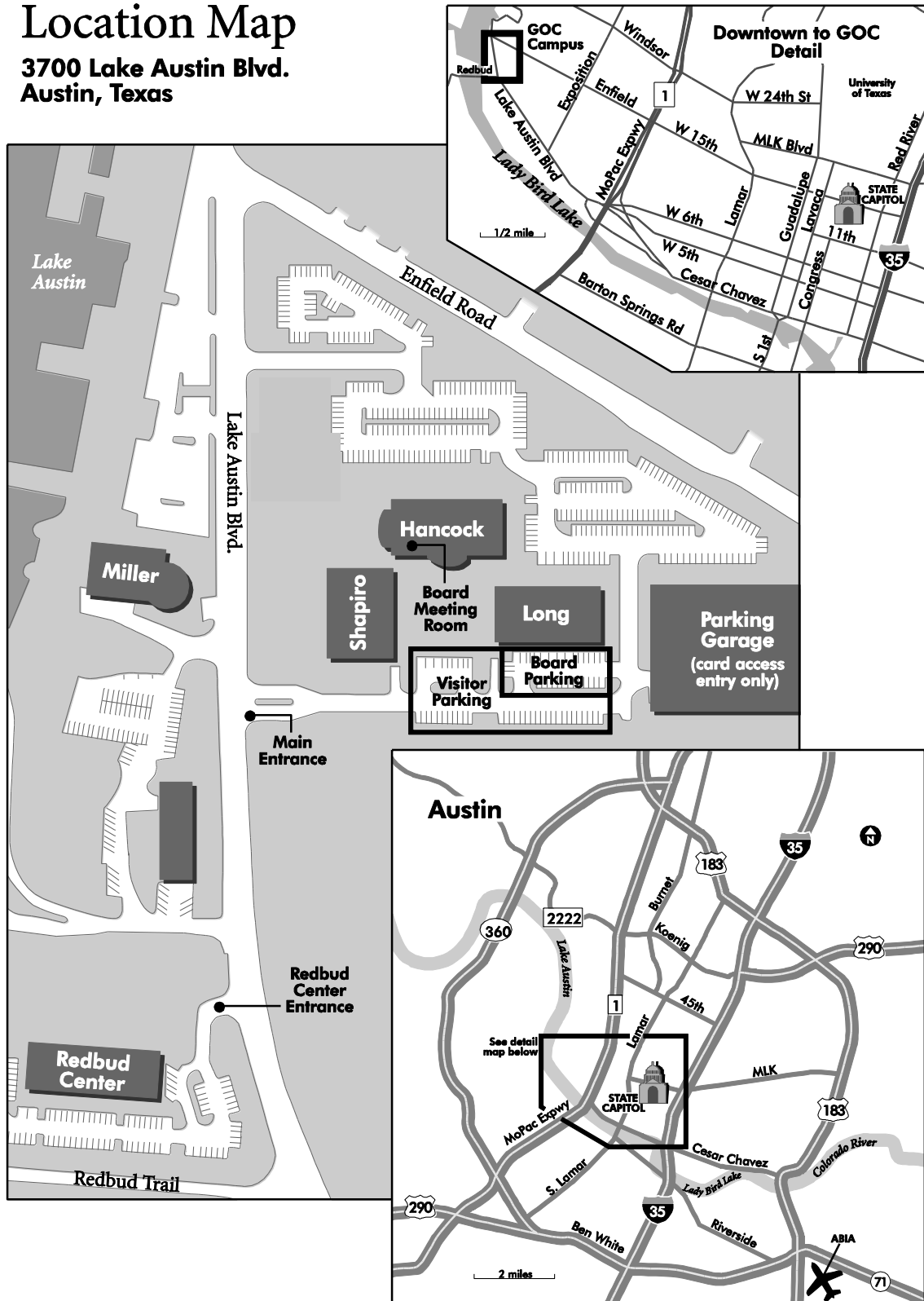
Under the LCRA Master Resolution, defined as the LCRA Board resolution governing LCRA's outstanding debt, and certain provisions of state law, the LCRA Board is required to exercise control over all operations of LCRA TSC. This control includes approval of LCRA TSC's Business Plan and of the sale or disposition of any significant assets of LCRA TSC. The Board of Directors of LCRA TSC (LCRA TSC Board) is appointed by and serves at the will of the LCRA Board. The current membership of LCRA TSC Board is made up entirely of the existing LCRA Board.

The LCRA TSC Board Policy on Authority and Responsibilities directs that the Business Plan of the affiliate include for approval a schedule of capital projects proposed for the fiscal year. The policy also states that only deviations from the approved plan will be brought before LCRA TSC Board. As such, the LCRA TSC Board agenda will not include consent items to approve specific capital projects, unless the project scope or budget changes significantly from what was originally approved.

LCRA General Office Complex

Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

**1. LCRA Transmission Services Corporation FY 2011
Business Plan Fourth Quarter Update**

Board Consideration

This update is presented to the Board for discussion.

Summary

The update includes LCRA Transmission Services Corporation's financial and operational performance for the fourth quarter of FY 2011.

Presenter(s)

Jim Travis
LCRA Treasurer

FOR DISCUSSION

2. Financial Report

Board Consideration

This report is presented monthly to the Board for discussion.

Summary

The financial report for LCRA Transmission Services Corporation covers the month and fiscal year to date.

Presenter(s)

Brady Edwards
Chief Financial Officer and Treasurer

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FOR ACTION (CONSENT)

3. Appointment of President and Chief Executive Officer

Proposed Motion

Appoint Rebecca S. Motal president and chief executive officer of LCRA Transmission Services Corporation (LCRA TSC).

Board Consideration

Section 4.01 of the LCRA TSC bylaws provides that LCRA TSC officers will be appointed by the LCRA TSC Board.

Budget Status and Fiscal Impact

Approval of this item will have no budgetary or fiscal impact.

Summary

The LCRA TSC bylaws require that the president and chief executive officer be an officer or employee of LCRA. Rebecca S. Motal currently serves as general manager of LCRA. The practice of LCRA TSC has been to appoint the general manager of LCRA to the office of president and chief executive officer.

FOR ACTION (CONSENT)

4. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the June 15, 2011, meeting.

Board Consideration

Section 4.06 of the LCRA Transmission Services Corporation bylaws provides that the Secretary will keep minutes of all meetings of the Board.

Budget Status and Fiscal Impact

None.

Summary

Each meeting the Board approves the minutes of previous meetings.

Exhibit(s)

A - Minutes of June 15, 2011, meeting

EXHIBIT A

Minutes Digest
June 15, 2011

- 11-20 Approval of the minutes of the May 18, 2011, meeting.

- 11-21 Approval of the Capital Improvement Project Authorization Request for the Rim Rock-to-Jack Furman Transmission Line Addition Project.

- 11-22 Adoption of a resolution authorizing the chief executive officer or his designee to acquire all necessary land by condemnation for an electric substation in Gillespie County (for the Hollmig Substation Addition Project).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
June 15, 2011

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 4:15 p.m. on Wednesday, June 15, 2011, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Boulevard, Hancock Building, Board Room, Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timmerman
Arbuckle
Balas
Berger
Dickerson
Franklin
Johnson
Kibby
Martine
McCasland
McHenry
Spears

Absent: Klein
Schrader
White

Chair Timmerman convened the meeting at 4:15 p.m. Chief Operating Officer Ross Phillips gave an update on the Big Hill (McCamey D)-to Kendall Competitive Renewable Energy Zone transmission line project, including land acquisitions for the project. General Counsel John Rubottom gave an update on the appeal of the Public Utility Commission of Texas' decision in this project, filed at the District Court of Travis County by the City of Kerrville, City of Junction, and Kerrville Public Utility Board.

Chief Operating Officer Ross Phillips noted that in early June he sent to the Board a comprehensive report on the pole failure event that occurred on the Clear Springs-to-Hutto transmission line project in November 2010. General Counsel John Rubottom gave a brief update on the ongoing discussions with the supplier and manufacturer of the poles concerning claims arising from the event.

Chief Financial Officer Brady Edwards presented the financial report for May 2011.

11-20 Upon motion by Director McCasland, seconded by Director McHenry, the Board, by a vote of 12 to 0, unanimously approved the minutes of the May 18, 2011, meeting [Consent Item 2].

11-21 Chief Operating Officer Ross Phillips presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit A], that the Board approve the Capital Improvement Project Authorization Request for the Rim Rock-to-Jack Furman Transmission Line Addition Project. Upon motion by Director Dickerson, seconded by Director Berger, the recommendation was unanimously approved by a vote of 12 to 0.

11-22 Chief Operating Officer Ross Phillips presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit B], that the Board adopt a resolution authorizing the chief executive officer or his designee to acquire all necessary land by condemnation for an electric substation in Gillespie County (for the Hollmig Substation Addition Project). Upon motion by Director McCasland, seconded by Director McHenry, the recommendation was unanimously approved by a vote of 12 to 0.

There being no further business to come before the Board, the meeting was adjourned at approximately 4:31 p.m.

John W. Rubottom, Secretary
LCRA Transmission Services Corporation

FOR ACTION

5. Acquisition of Land and Land Rights in Tom Green County

Proposed Motion

Adopt the attached resolution authorizing the chief executive officer or her designee to negotiate and acquire all necessary land and land rights by purchase or condemnation for electric transmission line easements and temporary construction easements in Tom Green County.

Board Consideration

LCRA Transmission Services Corporation (LCRA TSC) Board Policy T401 - Land Resources requires Board authorization for any land purchase exceeding \$600,000 or the initiation of a condemnation proceeding.

Budget Status and Fiscal Impact

The funding and administrative costs associated with the Twin Buttes-to-Big Hill Transmission Line Addition Project were originally approved by the LCRA TSC Board as an addendum to the FY 2009 Capital Plan and were amended in August 2010.

Summary

LCRA TSC proposes to construct the Twin Buttes-to-Big Hill Transmission Line Addition Project. This line is approximately 38 miles in length and will connect the Twin Buttes substation located west of San Angelo to the Big Hill electric substation located north of Eldorado. This is a Competitive Renewable Energy Zone project that was assigned to LCRA TSC by the Public Utility Commission of Texas (PUC) in February 2009.

An independent market study was performed by Kokel-Oberrender-Wood Appraisal, Ltd. for use in determining just compensation for the land and land rights in Tom Green County. Staff has transmitted a written offer to the landowner for the parcels described in Exhibits B and C. Staff will continue to negotiate for this purchase. However, in the event an agreement cannot be reached, Board authorization is sought to proceed with condemnation. Environmental and cultural due diligence studies will be performed by LCRA staff, and all identified concerns will be addressed. An amendment to LCRA TSC's Certificate of Convenience and Necessity for this project was approved by the PUC in July 2010.

Staff requests that the Board adopt the resolution in Exhibit D authorizing acquisition by condemnation.

Presenter(s)

Ross Phillips
Vice President and Chief Operating Officer

Exhibit(s)

A - Vicinity Map
B - Site Maps
C - Landowner list
D - Resolution

EXHIBIT A

Twin Buttes-to-Big Hill Transmission Line Addition

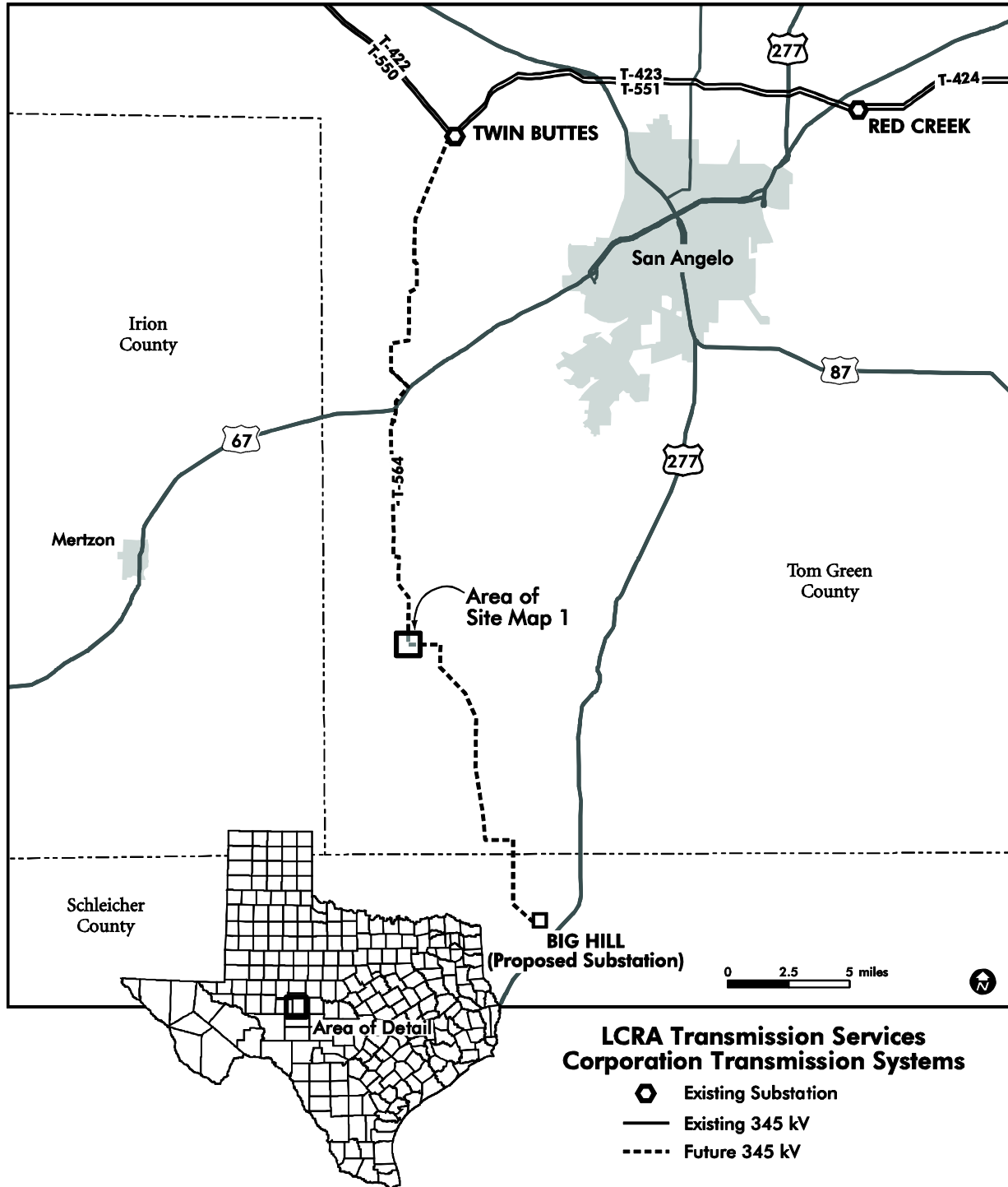


EXHIBIT B

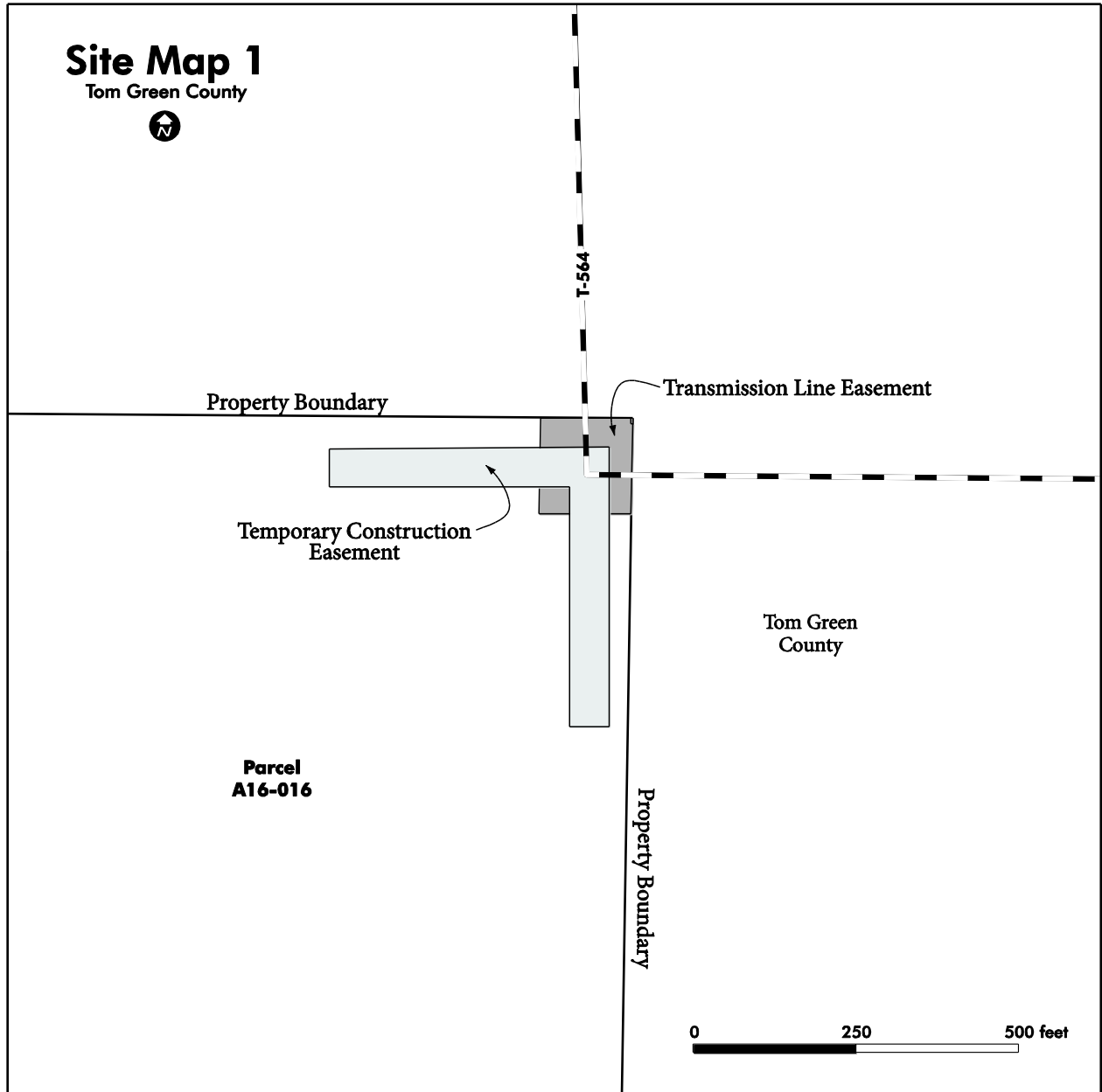


EXHIBIT C

Parcel Number	Landowner Name	Approx. Parent Tract Acreage	Land Rights	Approx. Easement Acreage	County	LCRA Appraised Value
A16-016	Freeman Pickett III	1083.44	TL TC	0.48 1.10	Tom Green	\$8,920
TOTAL						\$8,920

Land Rights Legend

TL = Transmission Line Easement
TC = Temporary Construction Easement

Appraised values include the total value for all types of land rights to be acquired from each designated land owner.

EXHIBIT D

RESOLUTION AUTHORIZING ACQUISITION OF LAND AND LAND RIGHTS BY PURCHASE OR CONDEMNATION OF PROPERTY IN TOM GREEN COUNTY FOR AN ELECTRIC TRANSMISSION LINE EASEMENT AND A TEMPORARY CONSTRUCTION EASEMENT IN TOM GREEN COUNTY

WHEREAS, the LCRA Transmission Services Corporation has determined the need to acquire the land and land rights necessary for the construction, installation and operation of an electric transmission line in Tom Green County; and

WHEREAS, an independent, professional market study of the subject property has been submitted to the LCRA Transmission Services Corporation, and an amount has been established to be just compensation for the land and land rights to be acquired;

NOW, THEREFORE, BE IT RESOLVED that the chief executive officer or her designee is specifically authorized to purchase the land and land rights for the construction of the Twin Buttes-to-Big Hill Transmission Line Addition Project described in the attached Exhibits B and C; that the public convenience and necessity requires the acquisition of said land and land rights; that the public necessity requires the condemnation of the property in order to acquire it for such purposes; that LCRA Transmission Services Corporation does not intend to acquire rights to groundwater or surface water in the property; that LCRA Transmission Services Corporation has transmitted an official written offer, based on the amount determined to be just compensation to the landowner, and that at such time as LCRA Transmission Services Corporation has determined that the landowner and LCRA Transmission Services Corporation will be unable to reach an agreement on the fair market value of the subject land and land rights and that it should appear that further negotiations for settlement with the owner would be futile, then the chief executive officer or her designee is authorized and directed to institute proceedings in eminent domain against the owner of the property, and against all other owners, lienholders, and other holders of an interest in the property, in order to acquire the property, and that this resolution take effect immediately from and after its passage;

BE IT FURTHER RESOLVED that the chief executive officer or her designee is hereby authorized to do all things necessary and proper to carry out the intent and purpose of this resolution, including determination and negotiation of the land and land rights that are proper and convenient for the operation of the electric transmission line.

LCRA Transmission Services Corporation

Operations

System Operations Control Center (SOCC)

Transmission Orders

Transmission orders are issued to field personnel by the SOCC and provide precise instructions for the operation of equipment, for removing equipment from service for construction or maintenance, and to ensure safe and reliable operation of the system. The number of orders issued in a given month is an indication of transmission field construction, maintenance and other operational activities. During the last quarter, Transmission Services issued 819 transmission orders in April, 955 transmission orders in May, and 1,164 transmission orders in June. This includes verbal dispatches, transmission line holds, switching orders and clearances.

Protective Relay System (PRS) Percent Misoperations

The PRS percent misoperations value is an indication of how well the protective system is performing to effectively isolate abnormal conditions on the system. PRS percent misoperation rate is determined by dividing the number of misoperations by the total number of operations for the given period. An operation, in this context, indicates an event that caused an automatic protective device to function to clear an abnormal condition to protect the transmission system. A misoperation can occur when these protective systems do not function precisely as designed. During the past quarter, the PRS percent misoperations value was 16.7 percent in April, 20 percent in May, and 4.8 percent in June.

Line Fault Index (LFI)

The LFI is an indicator of the number of momentary interruptions, weather activity and overall transmission line performance. The LFI is the average number of faults per 100 miles of line per year. During the past quarter, the LFI values were 4.18 in April, 1.93 in May, and 3.86 in June. The monthly numbers are annualized to reflect performance as if it were for the entire year.

System Average Interruption Duration Index (SAIDI)

The SAIDI reflects the overall average number of outage minutes that a typical customer delivery point experienced for the given period due to LCRA transmission or transformation outages. During the past quarter, the SAIDI values were 0.76 minutes for transmission and 1.56 minutes for transformation in April, 2.2 minutes for transmission and 0.28 minutes for transformation in May, and 1.41 minutes for transmission and 0.88 minutes for transformation in June.

The following table shows the past six months of history and year-end totals.

Index	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Six Month Average	FY 2011 Totals
Transmission Orders	746	641	947	819	955	1164	879	9,508
PRS percent misoperations (misoperations/total operations)	9.1%	0.0%	19.0%	16.7%	20.0%	4.8%	11.6%	9.39%
LFI (faults/100 miles of line)	0.67	4.38	3.37	4.18	1.93	3.86	3.06	3.82
SAIDI - Transmission	2.63	3.48	0.65	0.76	2.2	1.41	1.86	15.05
- Transformation	0.00	1.58	0.02	1.56	0.28	0.88	0.72	6.55
- Total (average minutes/customer)	2.63	5.06	0.67	2.32	2.48	2.29	2.58	21.60

System Availability at the end of Q4 for FY 2011: 99.996%

Outages Due to Events Originating at LCRA TSC Facilities

Acronyms

AEP: American Electric Power	GVEC: Guadalupe Valley Electric Cooperative
BEC: Bandera Electric Cooperative	HCEC: Hamilton County Electric Cooperative
BBEC: Bluebonnet Electric Cooperative	KPUB: Kerrville Public Utility Board
CRE: Cap Rock Energy	NBU: New Braunfels Utilities
CTEC: Central Texas Electric Cooperative	SBEC: San Bernard Electric Cooperative
FEC: Fayette Electric Cooperative	SMEU: San Marcos Electric Utility
FPL: FPL Energy	WPS: Wholesale Power Services
GPP: Guadalupe Power Partners	

Date/Time	Location	Customer	Event Cause	Outage Type	Outage Duration
4/3/2011 17:34	Crane Arco	ONCOR	Fire	Transmission	1 hour and 33 minutes
4/10/2011 00:36	Redwood	BBEC	Sub Equipment Failure	Transformation	2 hours and 40 minutes
5/2/2011 00:20	Eckert	CTEC	Line Equipment Failure	Transmission	1 hour and 38 minutes ¹
5/12/2011 07:35	FPP 138kV	LCRA WPS	Relay Misoperation	Transmission	53 minutes

¹CTEC reported that Magellan Pipeline's pumps were not in service at time of the outage, therefore no load was impacted.

5/12/2011 10:31	Spudder Flats	AEP	Protective Equipment Misoperation	Transmission	1 hour and 1 minute
	Crane Arco	ONCOR	Protective Equipment Misoperation	Transmission	1 hour and 3 minutes
5/12/2011 11:08	Darst Creek	AEP	Line Equipment Failure	Transmission	2 hours and 39 minutes
6/06/2011 15:36	Lakeside Pump	AEP	Line Equipment Failure	Transmission	1 hour and 31 minutes
	Matthews	AEP	Line Equipment Failure	Transmission	1 hour and 31 minutes
	Lone Star	AEP	Line Equipment Failure	Transmission	1 hour and 31 minutes
	Garwood	AEP	Line Equipment Failure	Transmission	1 hour and 31 minutes
6/11/2011 07:40	Moulton	City of Moulton	Animal Contact - Bird	Transformation	1 hour and 4 minutes

Outages Due to Events Originating at Customer (or other utility) Facilities

Date/Time	Location	Customer	Event Cause	Outage Type	Outage Duration
4/21/2011 21:56	City of Brady Tap	City of Brady	Weather	Transmission	44 minutes
	Schaffner	Sharyland	Weather	Transmission	44 minutes
4/25/2011 10:25	Blanco	PEC	Lightning	Transmission	45 minutes
5/12/2011 07:35	FPP River Pump	LCRA WPS	Line Equipment Failure	Transmission	4 hours and 33 minutes
5/12/2011 10:49	Lexington	BBEC, City of Lexington	Sub Equipment Failure	Transformation	1 hour
5/13/2011 07:37	Schulenburg	FEC, City of Schulenburg	Animal - Contamination	Transformation	59 minutes
6/02/2011 10:25	Wolf Creek	CTEC	Animal Contact – Bird	Transformation	35 minutes
6/11/2011 04:54	Schaffner	Sharyland	Animal Contact - Unknown	Transformation	2 hours and 3 minutes
6/14/2011 10:47	Copperas Cove	PEC HCEC	Unknown	Transformation	56 minutes
6/17/2011 07:00	Shiner (GVEC)	GVEC	Fire	Transmission	41 minutes
6/22/2011 05:52	Fordtran	GVEC	Lightning	Transformation	1 hour and 23 minutes

6/22/2011 06:34	Sheridan	SBEC	Unknown	Transmission	30 minutes
	Rock Island	SBEC	Unknown	Transmission	30 minutes
6/27/2011 06:26	Riverside Pump	AEP	Sub Equipment Failure	Transformation	2 hours and 34 minutes

LCRA Transmission Services Corporation

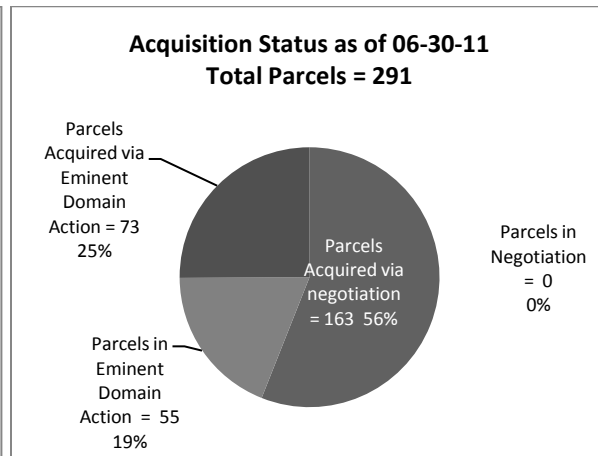
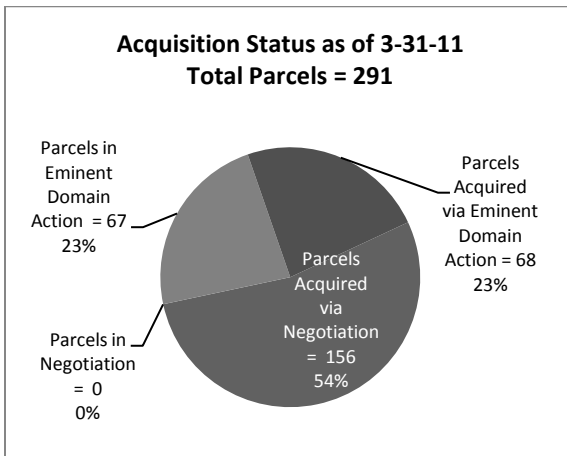
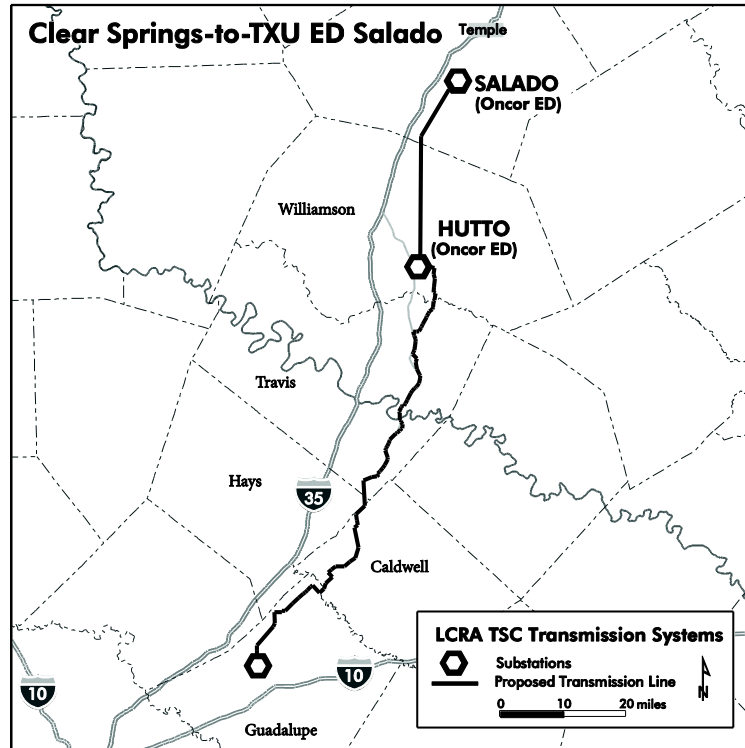
Real Estate Services

LCRA Real Estate Services provides support for all LCRA real estate related activities. This includes the acquisition, sale, or lease of LCRA real property.

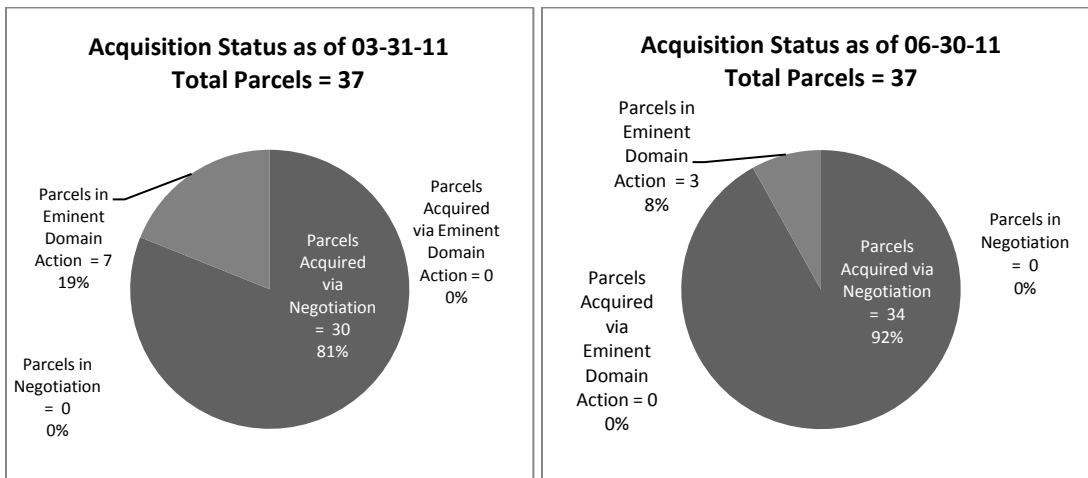
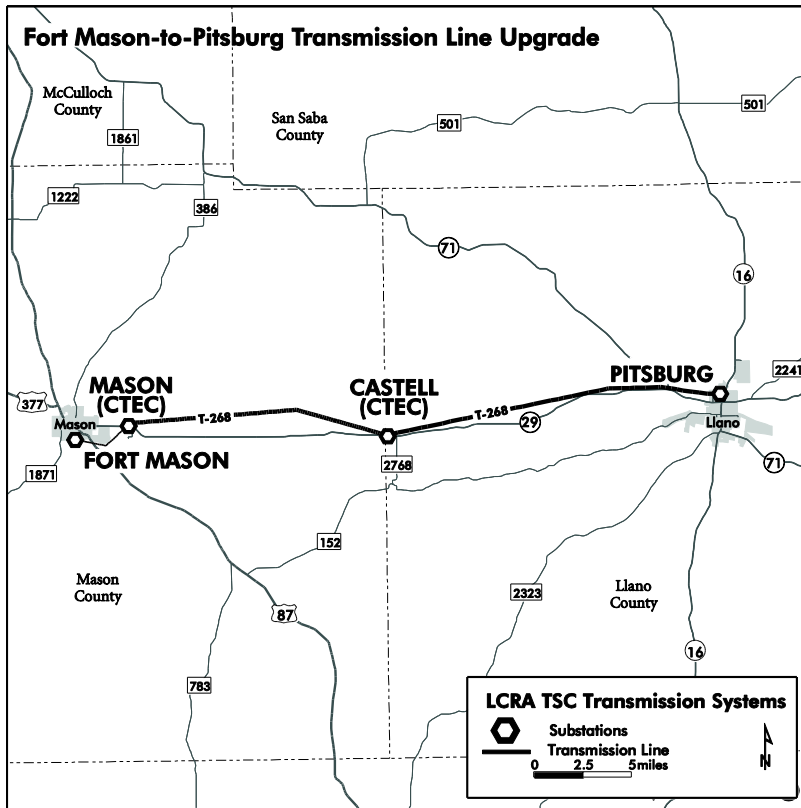
To support LCRA TSC projects, LCRA's Real Estate Services staff acquires land and land rights necessary to construct, operate, and maintain transmission line and substation facilities. The acquisition process includes these steps:

1. Perform land title research to determine ownership and notify affected landowners. This includes the review and verification of county clerk and appraisal district records.
2. Obtain an opinion of fair market values and determine just compensation. This includes cost per acre as well as damage to the remaining tract, if any.
3. Request Board approval to acquire tracts in excess of \$600,000.
4. Make good faith offers and negotiate with landowners.
5. Request Board approval for use of eminent domain authority and initiate eminent domain proceedings, if necessary.
6. Acquire parcels or easements through negotiated agreement (including possession and use agreement) or condemnation hearing.

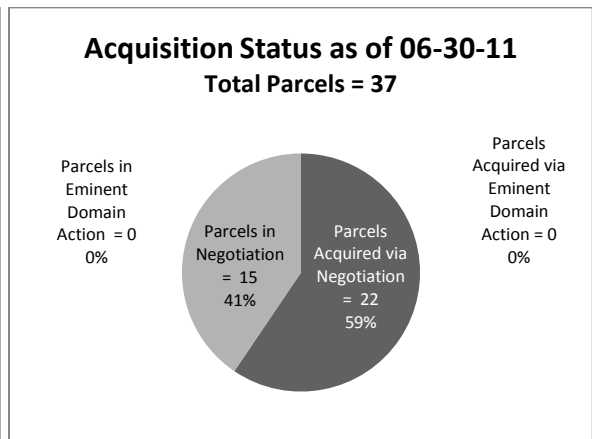
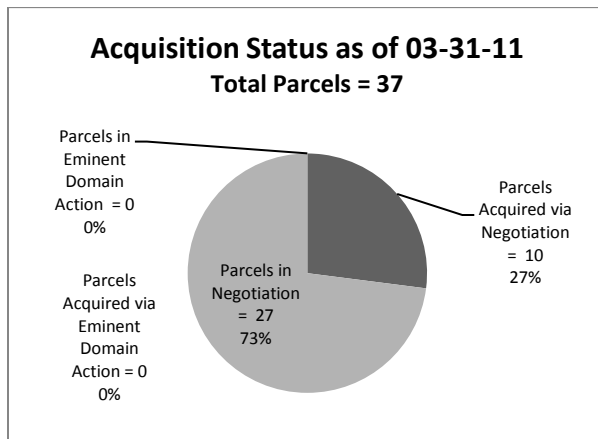
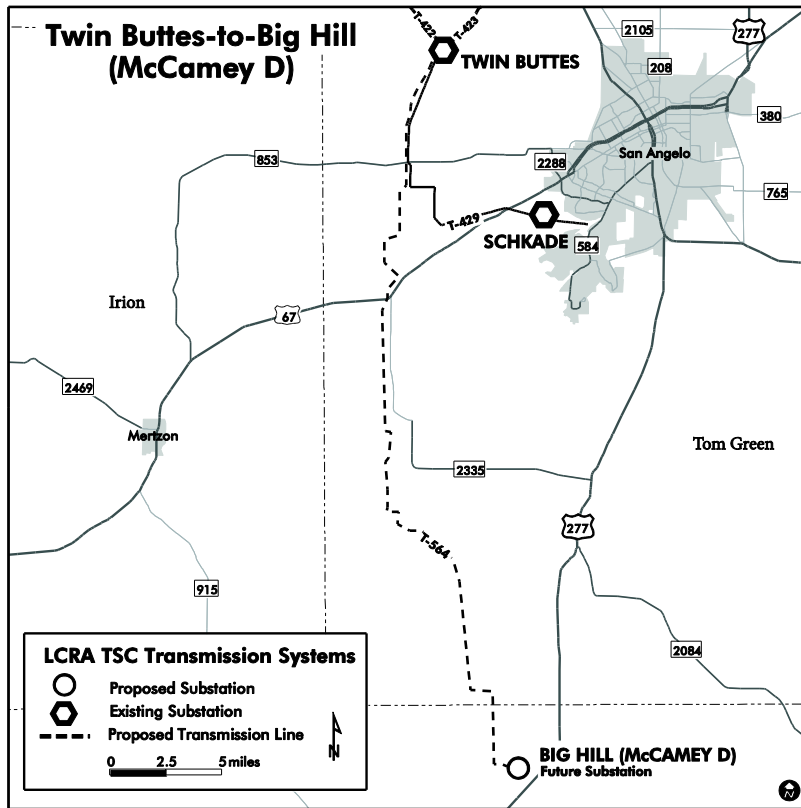
Real Estate Services is in the process of acquiring land rights by purchase or condemnation for the following projects:



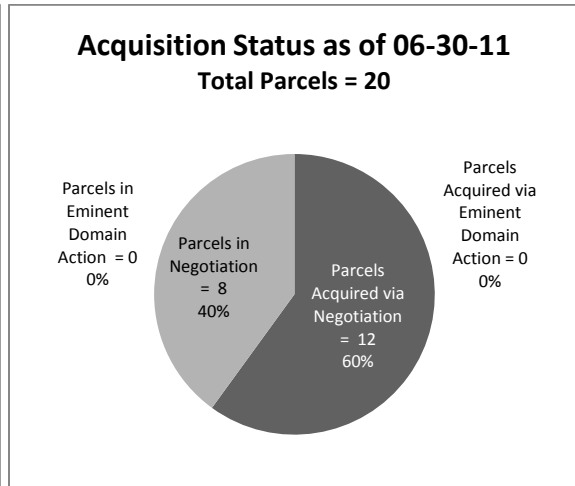
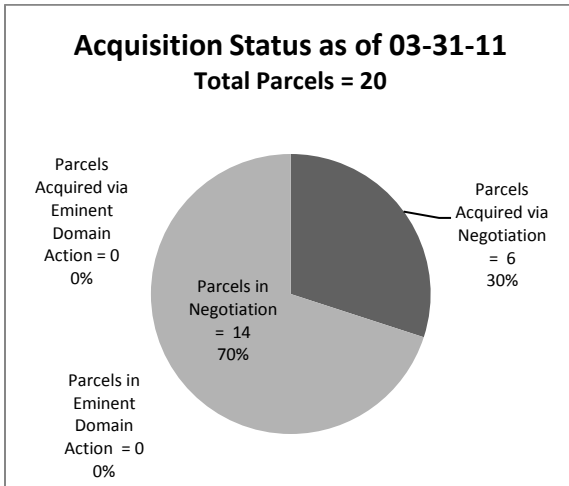
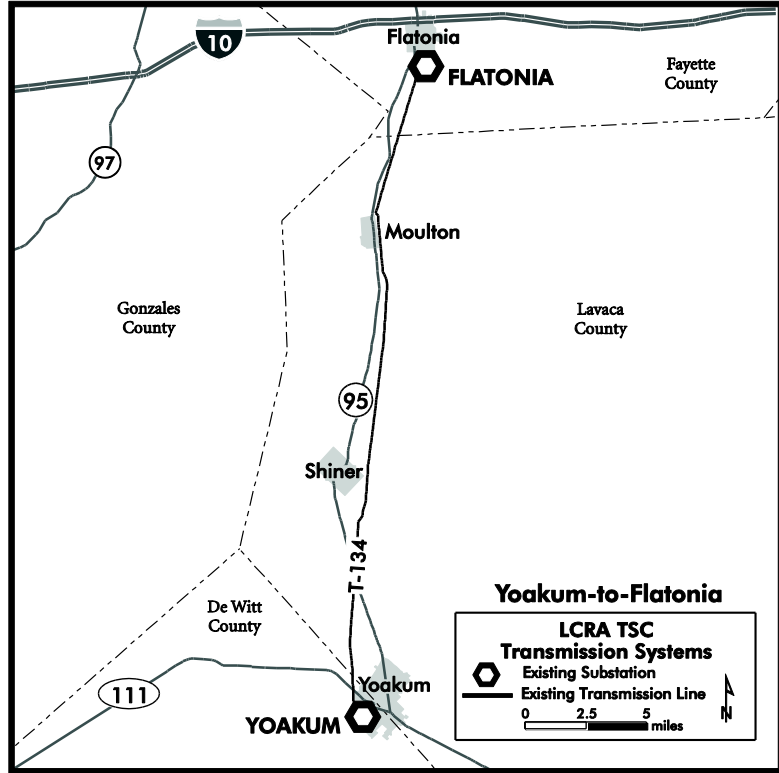
Parcels Remaining in Eminent Domain Action (Includes 40 Possession and Use agreements Signed)	40
Parcels Scheduled for Hearing	0
Parcels Under Appeal	47



Parcels Remaining in Eminent Domain Action (Includes NO Possession and Use agreements Signed)	3
Parcels Scheduled for Hearing	0
Parcels Under Appeal	0



Parcels Remaining in Eminent Domain Action (Includes NO Possession and Use agreements Signed)	0
Parcels Scheduled for Hearing	0
Parcels Under Appeal	0



Parcels Remaining in Eminent Domain Action (Includes NO Possession and Use agreements Signed)	0
Parcels Scheduled for Hearing	0
Parcels Under Appeal	0