

LCRA Transmission Services Corporation

Board Agenda

Wednesday, May 18, 2011
LCRA Board Room
Austin

Items from the Chief Executive Officer

Chief Operating Officer's Update

Item from the Chief Financial Officer

- 1. Financial Report..... 4

Consent Item

- 2. Minutes of Prior Meeting..... 5

Topics

- 3. Acquisition of Land and Land Rights in Tom Green and Schleicher Counties..... 9
- 4. Acquisition of Land and Land Rights in Ector County 17
- *5. Conveyance of Property in Kerr County 22

*This agenda item requires the approval of at least 12 members of the Board.

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.

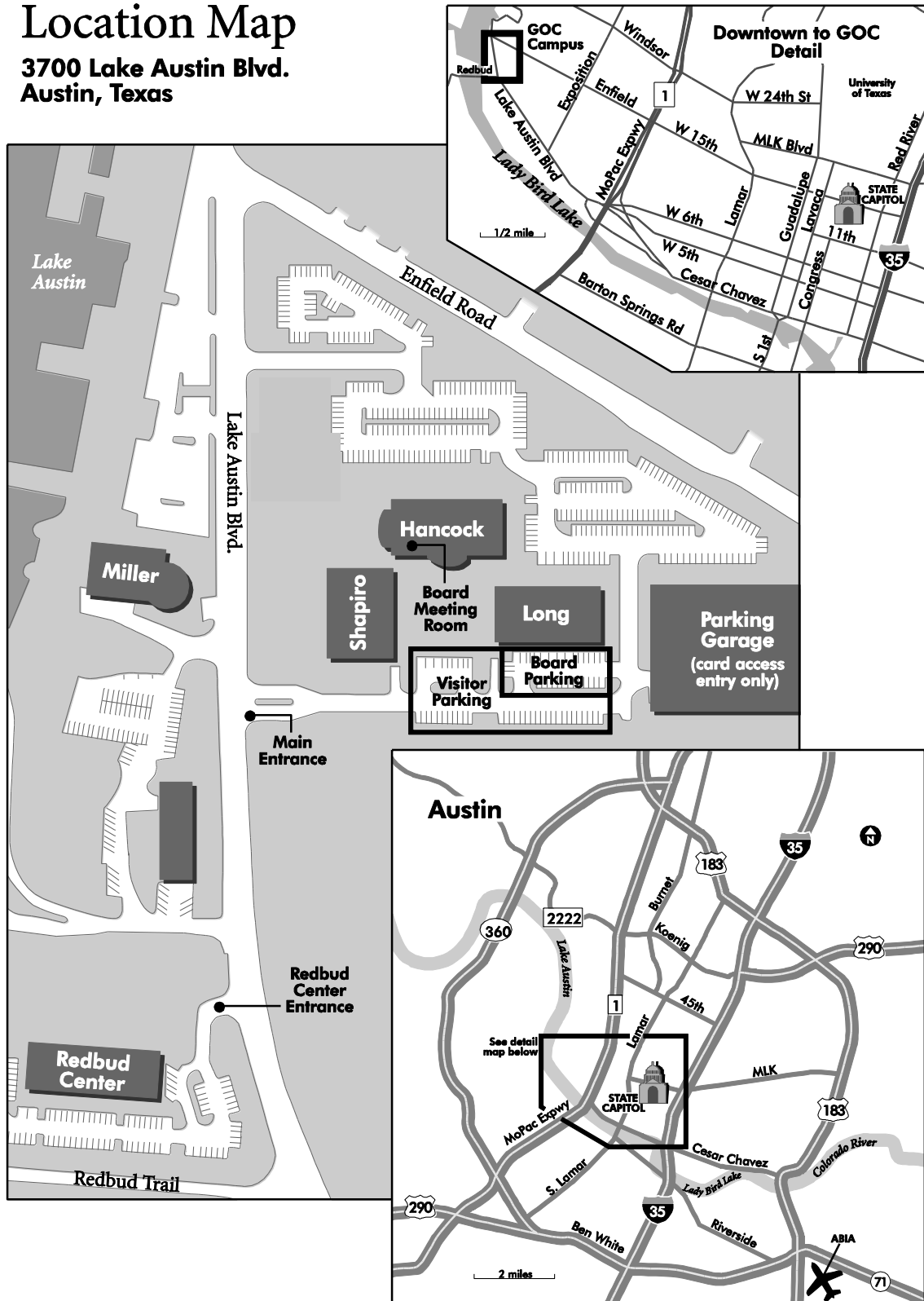
Under the LCRA Master Resolution, defined as the LCRA Board resolution governing LCRA's outstanding debt, and certain provisions of state law, the LCRA Board is required to exercise control over all operations of LCRA TSC. This control includes approval of LCRA TSC's Business Plan and of the sale or 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. 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

FOR ACTION (CONSENT)

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the April 20, 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 April 20, 2011, meeting

EXHIBIT A

Minutes Digest
April 20, 2011

- 11-13 Approval of the minutes of the March 23, 2011, meeting.
- 11-14 Approval of the FY 2012 LCRA Transmission Services Corporation Capital Plan and the Transmission System Improvements Plan for FY 2012.
- 11-15 Adoption of a resolution approving the FY 2012 Business Plan for LCRA Transmission Services Corporation.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LCRA TRANSMISSION SERVICES CORPORATION

Austin, Texas
April 20, 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 11:59 p.m. on Wednesday, March 23, 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
Klein
Arbuckle
Balas
Berger
Dickerson
Franklin
Johnson
Martine
McCasland
McHenry
Schrader
Spears
Wallace

Absent: White

Chair Timmerman convened the meeting at 11:59 a.m. Chief Operating Officer Ross Phillips gave an update on LCRA TSC's request for recovery of interim capital additions filed at the Public Utility Commission of Texas (PUC) on March 29. Phillips noted a correction on the confidential Land Rights Acquisition Report for March 2011, which was handed out to the Board. General Counsel John Rubottom discussed an update on the Big Hill (McCamey D)-to-Kendall Competitive Renewable Energy Zone transmission line project pending before the PUC, including an appeal of the PUC's decision on the project filed at the District Court of Travis County by the City of Kerrville, City of Junction, and Kerrville Public Utility Board; current negotiations; and a potential appeal hearing date.

Chief Financial Officer Brady Edwards presented the financial report for March 2011. Jim Travis presented the FY 2011 Business Plan third quarter update.

11-13 Upon motion by Director Berger, seconded by Director McHenry, the Board, by a vote of 14 to 0, unanimously approved the minutes of the March 23, 2011, meeting [Consent Item 3].

Brady Edwards presented for consideration staff recommendations that the Board approve Agenda Item 4 - FY 2012 LCRA TSC Capital Plan and Transmission System Improvements Plan for FY 2012 and Agenda Item 5 - FY 2012 LCRA TSC Business Plan. The capital plans and business plans for LCRA and its affiliated nonprofit corporations, including LCRA TSC, were presented to the Board in a work session on April 12 and 13, 2011. [Ross Phillips noted during his update that references included in this agenda item to LCRA TSC Board Policy T601 – “Transmission and Transformation Service” should be corrected to reflect “Wholesale Electric Service Policy.”]. Upon motion by Director Dickerson, seconded by Director Wallace, the Board unanimously approved the agenda items, by a vote of 14 to 0, as follows:

11-14 The FY 2012 LCRA Transmission Services Corporation Capital Plan and the Transmission System Improvements Plan for FY 2012, as recommended by staff in Agenda Item 4 [attached hereto as Exhibit A].

11-15 The adoption of a resolution approving the FY 2012 Business Plan for LCRA Transmission Services Corporation, as recommended by staff in Agenda Item 5 [attached hereto as Exhibit B].

There being no further business to come before the Board, the meeting was adjourned at approximately 12:15 p.m.

John W. Rubottom, Secretary
LCRA Transmission Services Corporation

FOR ACTION

3. Acquisition of Land and Land Rights in Tom Green and Schleicher Counties

Proposed Motion

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

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 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 and Schleicher Counties. 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

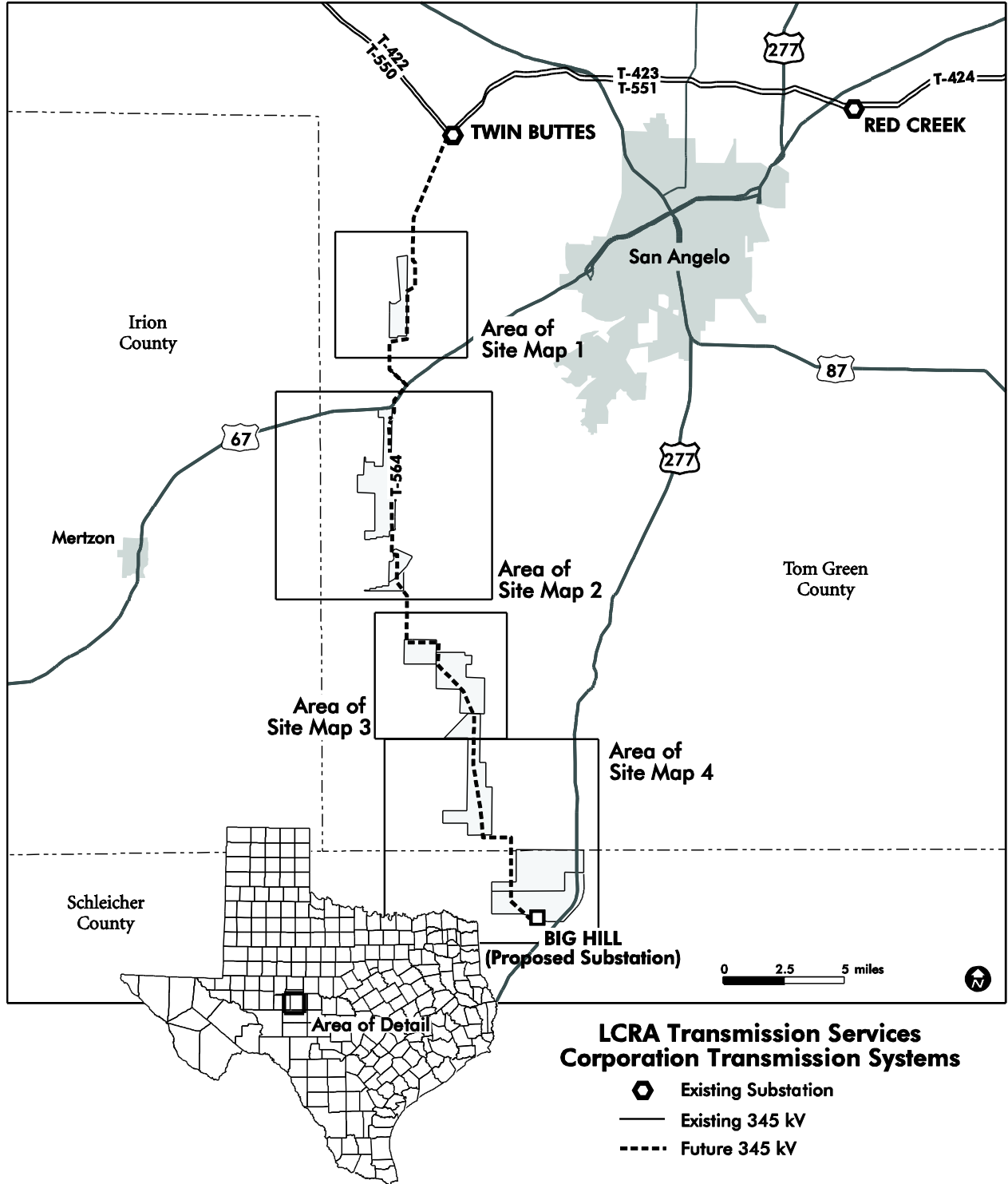


EXHIBIT B

Page 1 of 4

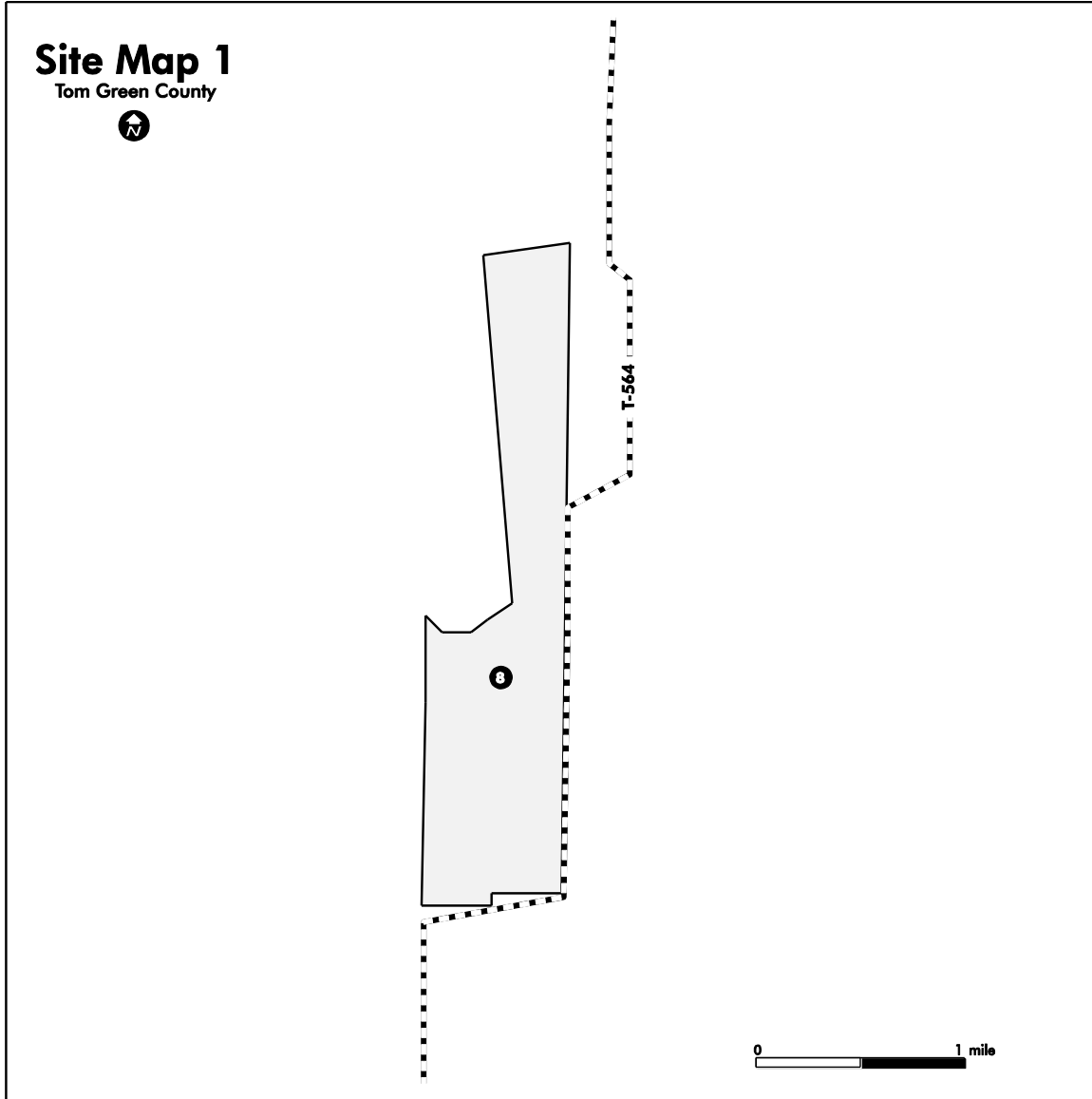


EXHIBIT B

Page 2 of 4

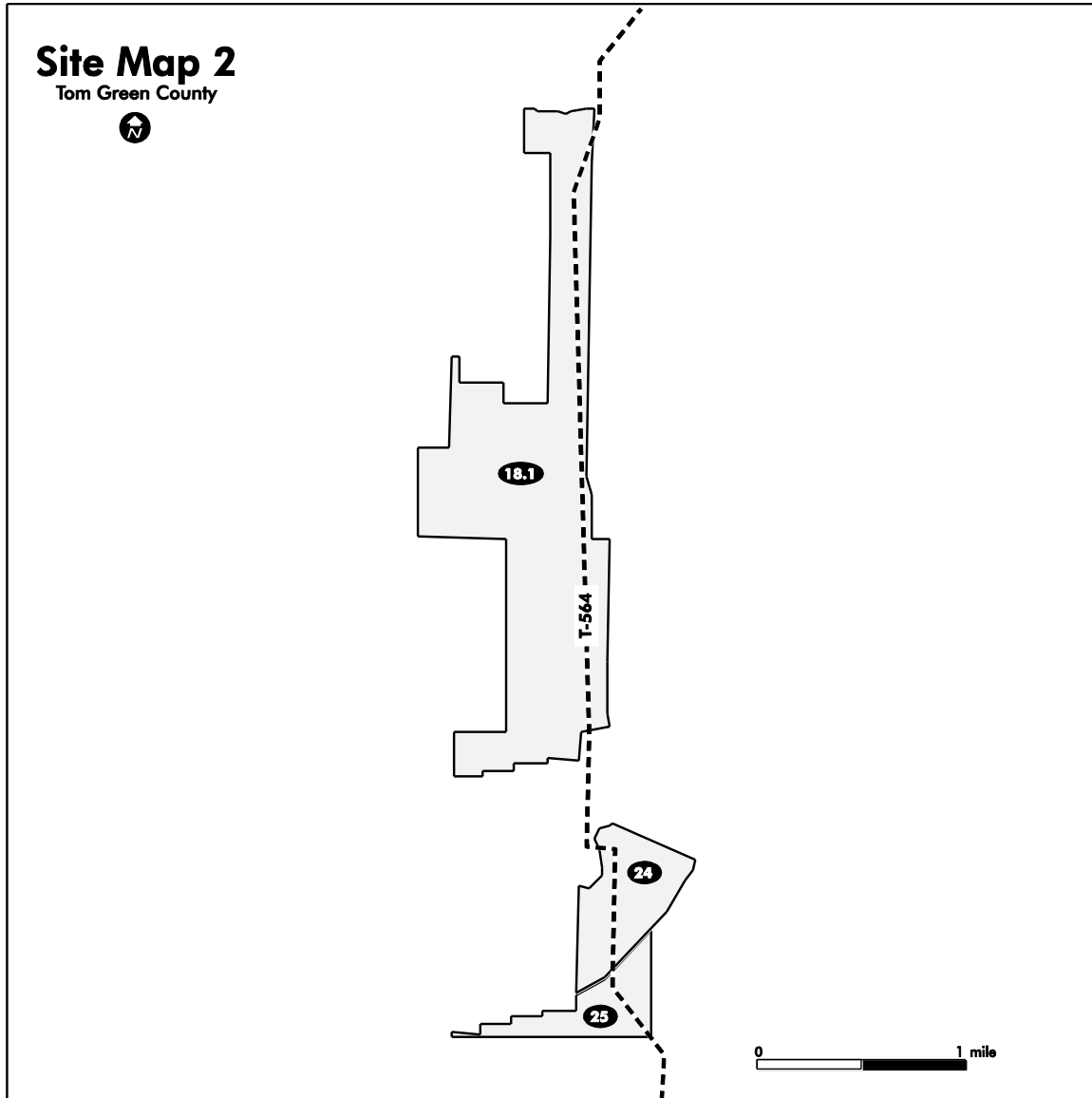


EXHIBIT B

Page 3 of 4

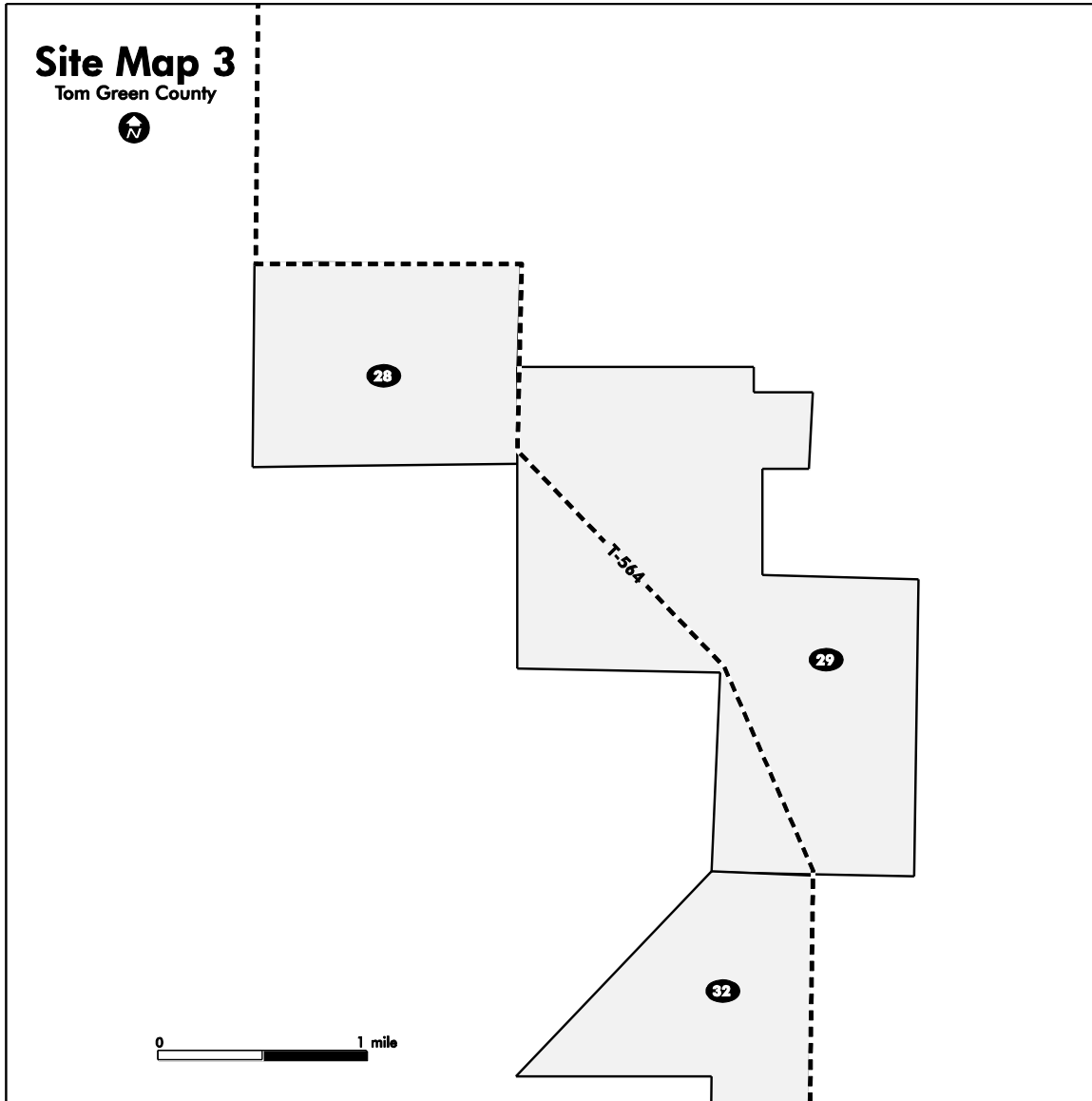


EXHIBIT C

Parcel Number	Landowner Name	Approx. Parent Tract Acreage	Land Rights	Approx. Easement Acreage	County	Appraised Value
8	Slaughter Interest, LTD	627.52	TL TC	45.44 1.74	Tom Green	\$160,100
18.1	M.D. Bryant Family Trust	2,478.00	TL TA PA	84.59 1.14 0.32	Tom Green	\$368,163
24	Douglas Glenn Cauble	162.80	TL TC	21.74 1.37	Tom Green	\$145,974
25	Andrew Tweedy Family Trust and Louise Tweedy Marital Trust	268.43	TL TC	10.17 0.66	Tom Green	\$48,014
28	Joseph W. and Lezlye Henderson	847.68	TL TC	38.15 1.10	Tom Green	\$150,421
29	Rebecca F. Kuykendall, etal	2,081.46	TL TC PA	43.91 0.60 1.70	Tom Green	\$183,800
32	Julie Maier and M.G. McGregor	1,439.69	TL TC PA	86.74 0.28 0.34	Tom Green	\$311,219
35	Robert Helmers	2,143.00	TL TA PA	28.67 4.12 0.86	Schleicher	\$107,782
36	Lula Sue Wilson and E. Wilson Jones	943.00	TL TC TA	23.57 1.10 0.48	Schleicher	\$103,115
					TOTAL	\$1,578,588

Land Rights Legend

TL = Transmission Line Easement
 TA = Temporary Access Easement
 TC = Temporary Construction Easement
 PA = Permanent Access Easement

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

EXHIBIT D

RESOLUTION AUTHORIZING ACQUISITION OF LAND AND LAND RIGHTS BY PURCHASE OR CONDEMNATION OF PROPERTY IN TOM GREEN AND SCHLEICHER COUNTIES FOR ELECTRIC TRANSMISSION LINE EASEMENTS, ACCESS EASEMENTS, TEMPORARY CONSTRUCTION EASEMENTS, AND TEMPORARY ACCESS EASEMENTS

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 and Schleicher Counties; 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 his 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(s), and that at such time as LCRA Transmission Services Corporation has determined that the landowner(s) 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 his designee is authorized and directed to institute proceedings in eminent domain against the owner(s) 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 his 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.

FOR ACTION

4. Acquisition of Land and Land Rights in Ector County

Proposed Motion

Adopt the attached resolution authorizing the chief executive officer or his designee to negotiate and acquire all necessary land and land rights by purchase or condemnation for an electric substation and access easement in Ector 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 Pleasant Farms Substation Addition Project were approved by the LCRA TSC Board in June 2010, as an addendum to the FY 2011 Capital Plan.

Summary

LCRA TSC proposes to construct the Pleasant Farms Substation Addition Project, a 138-kilovolt (kV) substation on the LCRA TSC Odessa-to-Crane 138-kV transmission line to improve system reliability by interconnecting an existing Oncor transmission line that serves two Oncor substations.

An independent appraisal was performed by Paul Hornsby and Company to determine just compensation for the land and land rights in Ector County. Staff has transmitted a written offer to the landowner for the parcels described in Exhibit 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. A Certificate of Convenience and Necessity for this project is not required.

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

Presenter(s)

Ross Phillips
Vice President and Chief Operating Officer

Exhibit(s)

A - Vicinity map
B - Site map
C - Landowner list
D - Resolution

EXHIBIT A

Pleasant Farms Substation Addition

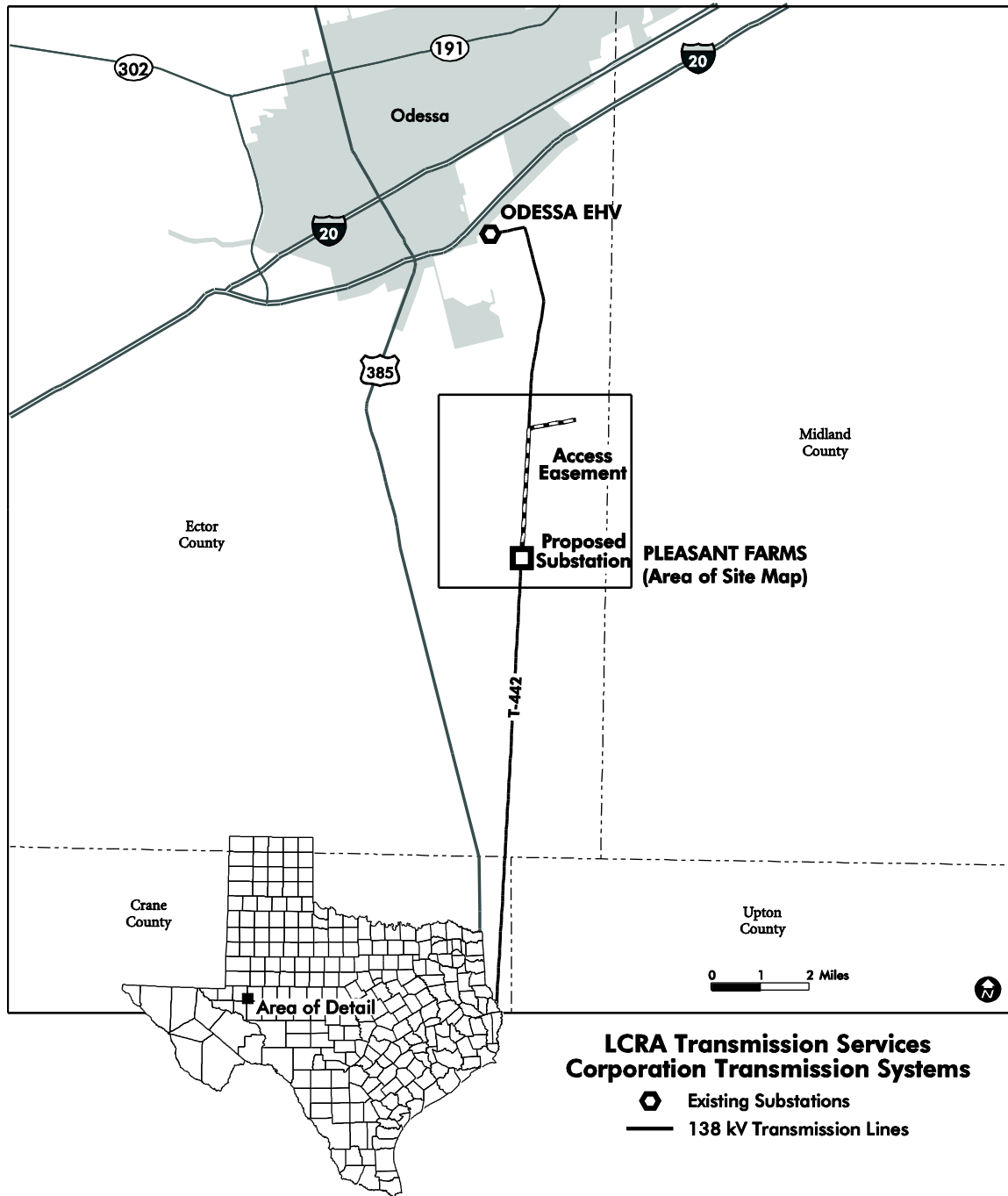


EXHIBIT B

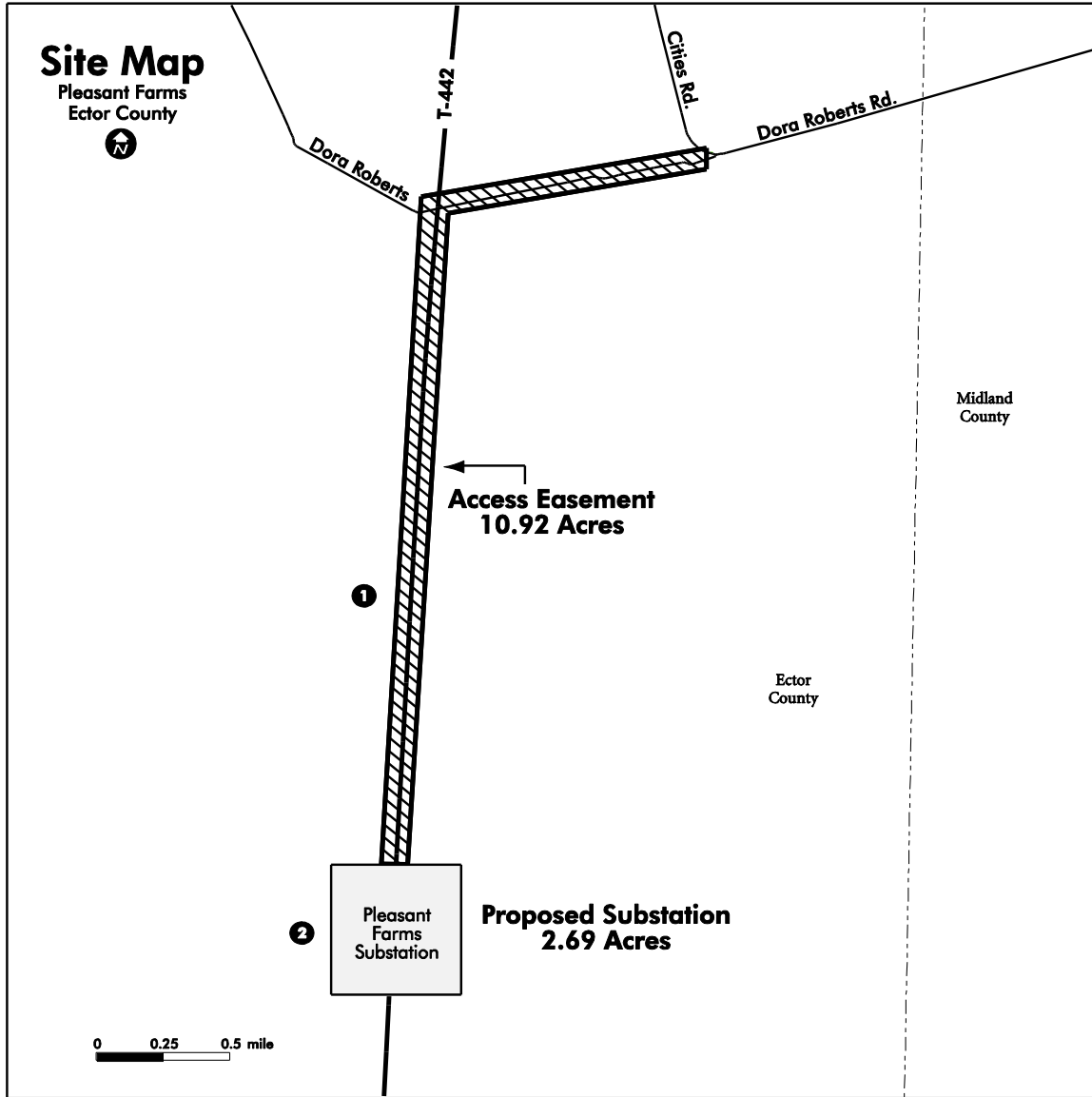


EXHIBIT C

Parcel Number	Landowner Name	Approx. Parent Tract Acreage	Land Rights	Approx. Easement Acreage	County	Appraised Value
1	Averitt Family, LTD.	333.15	Access Easement	10.92	Ector	\$935
2	Averitt Family, LTD.	333.15	Fee Simple	2.69	Ector	\$1,923
					TOTAL	\$2,858

EXHIBIT D

RESOLUTION AUTHORIZING ACQUISITION OF LAND AND LAND RIGHTS BY PURCHASE OR CONDEMNATION OF PROPERTY IN ECTOR COUNTY FOR AN ELECTRIC SUBSTATION AND ACCESS EASEMENT

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 substation and an access easement in Ector County; and

WHEREAS, an independent, professional appraisal report 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 property rights to be acquired;

NOW, THEREFORE, BE IT RESOLVED that the chief executive officer or his designee is specifically authorized to purchase the land and land rights for the construction of the Pleasant Farms Substation Addition Project and access easement described in the attached Exhibits B and C; that the public convenience and necessity requires the acquisition of property for the said electric substation and easement; 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 property rights and that it should appear that further negotiations for settlement with the owner would be futile, then the chief executive officer, or his 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 rights, and that this resolution take effect immediately from and after its passage;

FURTHER RESOLVED that the chief executive officer or his 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 property rights that are proper and convenient for operation of the electric substation and easement.

FOR ACTION

5. Conveyance of Property in Kerr County

Proposed Motion

Declare an approximate 0.087-acre tract of land in Kerr County as “non-essential” and authorize the chief executive officer or his designee to convey by subdivision plat this land as public street right-of-way in the city of Kerrville.

Board Consideration

LCRA Transmission Services Corporation (LCRA TSC) Board Policy T401 - Land Resources requires that requests for easements across LCRA TSC land be approved by a three-fourths vote of the membership of the TSC Board.

Budget Status and Fiscal Impact

The funding and administrative costs associated with the Kerrville Travis Power Transformer Addition are included in the FY 2011 LCRA TSC Capital Plan.

Summary

LCRA TSC is expanding the Kerrville Travis Substation to increase the capacity to meet the future load demand for this area of Kerrville. LCRA TSC recently acquired 2.09 acres of land from the adjoining landowner for the expansion. To meet the city of Kerrville development requirements, LCRA TSC staff will plat the recently acquired acreage and the existing substation site into a single lot and will donate an approximate 19-foot strip of land, containing 0.087 acre as public street right-of-way for Travis Street in Kerrville. In lieu of compensation, LCRA will avoid permitting fees associated with the replatting of this property.

LCRA Substation Engineering, Transmission Line Design and Line Maintenance departments have determined that dedicating this right-of-way will have no adverse impact on the Kerrville Travis Subdivision Expansion Project or on its continued operation. Environmental and cultural due diligence studies will be performed by LCRA staff, and all identified concerns will be addressed.

Presenter(s)

Ross Phillips
Vice President and Chief Operating Officer

Exhibit(s)

A - Vicinity Map
B - Site Map

EXHIBIT A

Kerrville Travis Power Transformer Addition

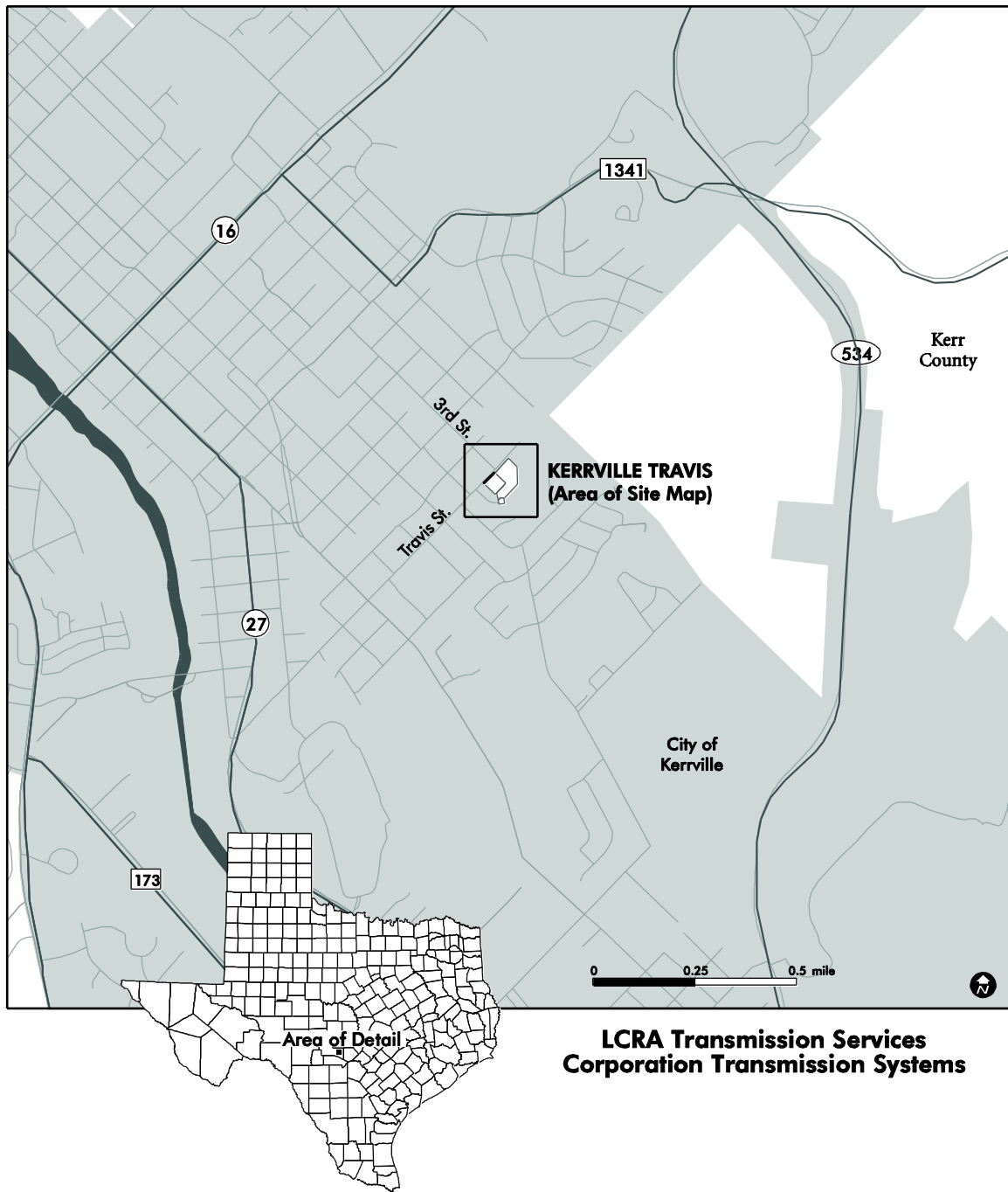


EXHIBIT B

