

LCRA Wholesale Energy Services Corporation

Board Agenda

Tuesday, April 15, 2008
LCRA Board Room, Austin

LCRA Wholesale Energy Services Corporation Consent Item

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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://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. The Board may act in executive session on competitive electric matters pursuant to §551.086 of the Texas Government Code.

OVERVIEW OF LCRA WHOLESALE ENERGY SERVICES CORPORATION

The LCRA Wholesale Energy Services Corporation (LCRA WESC) is a nonprofit corporation created under the Texas Water Code and the Texas Public Utility Regulatory Act. Unlike LCRA, which may only sell long-term firm electricity in the geographic area it served on Jan 1, 1975, LCRA WESC may engage in wholesale sales throughout Texas. LCRA WESC is the vehicle through which LCRA may realize its business objective of serving new public and rural loads in areas beyond LCRA's traditional service area. However, LCRA WESC is limited to selling LCRA surplus power or power acquired from third parties. Additionally, while LCRA must sell electricity at cost-based prices, LCRA WESC may sell at market-based prices. Any surplus earnings will be used directly or indirectly to improve the competitiveness of LCRA's service to its long-term wholesale customers.

The LCRA Board appoints the LCRA WESC Board of Directors as well as approves LCRA WESC's annual budget and any LCRA WESC debt. Because LCRA WESC has no employees, LCRA provides management and support services through a services agreement with LCRA WESC.

FOR CONSENT

1. Appointment of Officers

Proposed Motion

Appoint officers of LCRA Wholesale Energy Services Corporation (LCRA WESC) as follows: Thomas G. Mason, president and chief executive officer; Daniel G. Kuehn, vice president and chief operating officer; Brady Edwards, interim treasurer and chief financial officer; and John W. Rubottom, secretary.

Board Consideration

Article IV of the bylaws of LCRA WESC requires that the Board appoint officers.

Budget Status and Fiscal Impact

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

Summary

In June 2000, to respond to changes in the electric industry caused by deregulation, the LCRA Board of Directors authorized the creation of LCRA WESC. LCRA WESC is authorized to purchase electric power and energy for resale, acquire or construct new generation facilities and perform other acts associated with the generation, purchase, sale and transmission of electric power and energy services. LCRA WESC was intended to be a vehicle to sell electricity outside of LCRA's traditional service area. It has responded to a few requests for proposals for power supply but it has not been selected in any of those instances. Currently, LCRA WESC is not actively pursuing any power supply opportunities.

The 15-member board of LCRA WESC is composed entirely of members of the LCRA Board of Directors. The chair and vice chair of the LCRA Board serve as chair and vice chair of the LCRA WESC Board. The LCRA Board must approve LCRA WESC's annual budget as well as any debt issued by LCRA WESC. LCRA WESC has no employees. LCRA provides management and support services through a services agreement with LCRA WESC.

The bylaws of LCRA WESC require a president, a vice president, a treasurer and a secretary who must be officers or employees of LCRA. In addition, the office of president and secretary must be held by different individuals. Recent retirements have created vacancies in the officer positions of LCRA WESC, which by state law must be filled.

FOR CONSENT

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the May 16, 2007, meeting.

Board Consideration

Section 4.06 of the LCRA Wholesale Energy Services Corporation Bylaws provides that the Secretary shall 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 May 16, 2007, meeting.

EXHIBIT A

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LCRA WHOLESALE ENERGY SERVICES CORPORATION
Austin, Texas
May 16, 2007

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the LCRA Wholesale Energy Services Corporation (LCRA WESC) convened in a regular meeting at 9:13 a.m. on Wednesday, May 16, 2007, 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:

Wilkerson
Abell
Carlton
Carter
Dickerson
Garrett
Granberg
Matthews
McCasland
Nettleship
Raun
Wallace

Absent: Cavazos (Wilke)
Long
Moser

Chair Wilkerson convened the meeting at 9:13 a.m. Marcus Pridgeon provided an overview of LCRA WESC, including the annual meeting requirement for the LCRA WESC Board; creation, structure and purpose of LCRA WESC in response to deregulation of the wholesale energy market in Texas; and LCRA WESC's authority relating to power sales.

07-01 On a motion by Director Wallace, seconded by Director Nettleship, the Board unanimously approved the minutes of the May 17, 2006, meeting (Consent Agenda Item 1).

There being no further business to come before the Board, the meeting was adjourned at approximately 9:16 a.m.

John W. Rubottom, Secretary
LCRA Wholesale Energy Services Corporation

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