

LCRA Transmission Services Corporation

Board Agenda

Wednesday, Feb. 15, 2017
LCRA Board Room
Austin

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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 website 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.

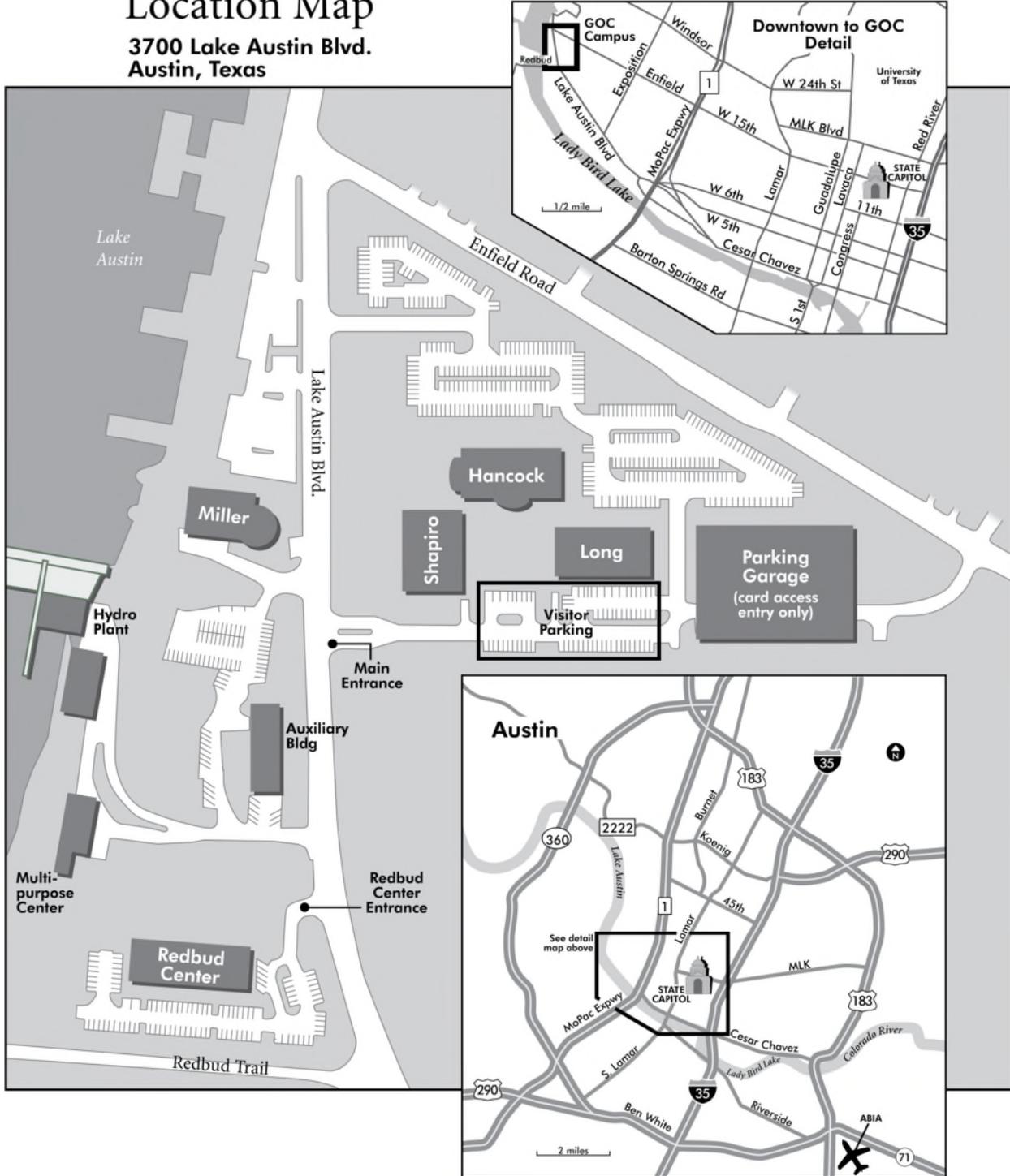
Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services 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)

Julie Rogers
Controller

FOR ACTION (CONSENT)

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Nov. 16, 2016, meeting.

Board Consideration

Section 4.06 of the LCRA Transmission Services Corporation bylaws requires the secretary to keep minutes of all meetings of the Board of Directors.

Budget Status and Fiscal Impact

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

Summary

Staff presents the minutes of each meeting to the Board for approval.

Exhibit(s)

A – Minutes of Nov. 16, 2016, meeting

EXHIBIT A

Minutes Digest
Nov. 16, 2016

- 16-17 Declaration of three tracts of land consisting of a total of 5.06 acres, more or less, in Caldwell County as nonessential and authorization for the chief executive officer or his designee to convey the tracts to Central Texas Regional Water Supply Corporation with a 1.054-acre water line easement in Bastrop County and a 1.470-acre water line easement in Guadalupe County.
- 16-18 Authorization for the chief executive officer or his designee to convey a 0.205-acre transmission line easement to Oncor Electric Delivery Company LLC at the Goldthwaite Substation located in Mills County.
- 16-19 Approval of the minutes of the Aug. 17 and Sept. 21, 2016, meetings.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Nov. 16, 2016

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 9:07 a.m. Wednesday, Nov. 16, 2016, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Thomas Michael Martine, Vice Chair
Steve K. Balas
Lori A. Berger
Stephen F. "Steve" Cooper
Joseph M. "Joe" Crane
Pamela Jo "PJ" Ellison
John M. Franklin
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Sandra Wright "Sandy" Kibby
Robert "Bobby" Lewis
George W. Russell
Franklin Scott Spears Jr.
Martha Leigh M. Whitten

Chair Timmerman convened the meeting at 9:07 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Spears provided an invocation.

Vice President and Chief Operating Officer Mike Shuba presented his update to the Board. He commented on his first several months overseeing LCRA's transmission services and praised employees for their hard work, dedication and accomplishments. Shuba reported LCRA TSC performed at or above target levels during the first quarter of fiscal year 2017 in all of LCRA TSC's key areas of measurements, including system reliability and high-priority projects.

Shuba also gave an update on LCRA TSC's Zorn-Marion project, approved Sept. 16 by the Public Utility Commission of Texas.

Controller Julie Rogers presented the financial report for October 2016 [Agenda Item 1].

The Board next took action on the consent agenda. Upon motion by Director Johnson, seconded by Director Ellison, the Board, by a vote of 15 to 0, unanimously approved consent items 2, 3 and 4 included on the Nov. 16, 2016, consent agenda as follows:

16-17 Declaration of three tracts of land consisting of a total of 5.06 acres, more or less, in Caldwell County as nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA TSC) and authorization for the chief executive officer or his designee to convey the tracts to Central Texas Regional Water Supply Corporation with a 1.054-acre water line easement in Bastrop County and a 1.470-acre water line easement in Guadalupe County, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

16-18 Authorization for the chief executive officer or his designee to convey a 0.205-acre transmission line easement to Oncor Electric Delivery Company LLC at the Goldthwaite Substation located in Mills County, as recommended by staff in Consent Item 3 [attached hereto as Exhibit B].

16-19 The minutes of the Aug. 17 and Sept. 21, 2016, meetings [Consent Item 3].

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

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation

FOR ACTION

3. Capital Improvement Project Approval – Kimbro Substation Addition

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the Kimbro Substation Addition, and authorize the chief executive officer or his designee to negotiate and execute an agreement with the generator to construct new facilities and upgrade existing facilities.

Board Consideration

LCRA Transmission Services Corporation (LCRA TSC) Board Policy T304 - Financial Planning Policy requires Board approval of any project not included in the annual capital plan or any previously approved project that is expected to exceed its lifetime budget by 10 percent and \$300,000.

Budget Status and Fiscal Impact

- Project is not included in the fiscal year (FY) 2017 LCRA TSC capital plan.
- Approval is sought for a total lifetime budget of \$4.51 million and for \$191,000 of the project budget expected to be spent in the current fiscal year.
- The proposed lifetime budget for the project does not include contingency.
- Staff members believe they can manage this additional spending within the existing FY 2017 capital budget and currently do not request additional fiscal year capital budget authorization.
- The chief operating officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, pending approval by the Public Utility Commission of Texas (PUC). The generator will provide financial security to reimburse LCRA TSC in the event the generation project is not completed.

Summary

The Kimbro Substation Addition Project is recommended as an addendum to the FY 2017 LCRA TSC capital plan. This project will satisfy legal requirements specified in the Public Utility Regulatory Act and the rules of the PUC. These rules require transmission utilities to provide transmission service to all wholesale market participants, including generation facilities owned by independent power producers. This requirement includes constructing new facilities and upgrading existing facilities.

The board approved a similar project with the same name in November 2010. LCRA TSC obtained financial security from the generator prior to the start of work. After the substation design was completed, the generator informed LCRA TSC on Nov. 30, 2012, that it was not proceeding with the project. All LCRA TSC expenses were reimbursed through the security agreement and the project was canceled.

Through an Electric Reliability Council of Texas process, the solar generation developer in October 2015 sought reapproval for the project to connect a 120-megawatt solar generating facility to LCRA TSC's transmission facilities in Travis County. The

generator agreed to fund the necessary studies in July 2016, and the studies were completed in January 2017. LCRA TSC will negotiate a new interconnect agreement with the solar generation developer to connect these generation facilities to LCRA TSC's transmission system at the new LCRA TSC Kimbro Substation. This substation will be constructed adjacent to the LCRA TSC Elgin Switch-to-Gilleland Creek transmission line. The required completion date is October 2018.

These funds will be used for project management, engineering, materials, construction and necessary land rights. LCRA TSC representatives will perform environmental and cultural due diligence studies and address all identified concerns. LCRA TSC will not reimburse funds previously received from the security agreement of the prior project. A Certificate of Convenience and Necessity is not required for this project.

Project Recap

| | |
|-----------------------------------|--------------------|
| Total Project Estimated Cost: | <u>\$4,510,000</u> |
| Previous Project Lifetime Budget: | \$ 0 |
| Lifetime Budget Approval Sought: | <u>\$4,510,000</u> |
| Fiscal Year Budget Impact: | |
| FY 2017 | \$191,000 |
| FY 2018 | \$1,690,000 |
| FY 2019 | \$2,629,000 |
| Total: | <u>\$4,510,000</u> |

Project Direction

Project Manager: Armando Perez
 Project Sponsor: Kristian M. Koellner
 Project Number: 1017433

Presenter(s)

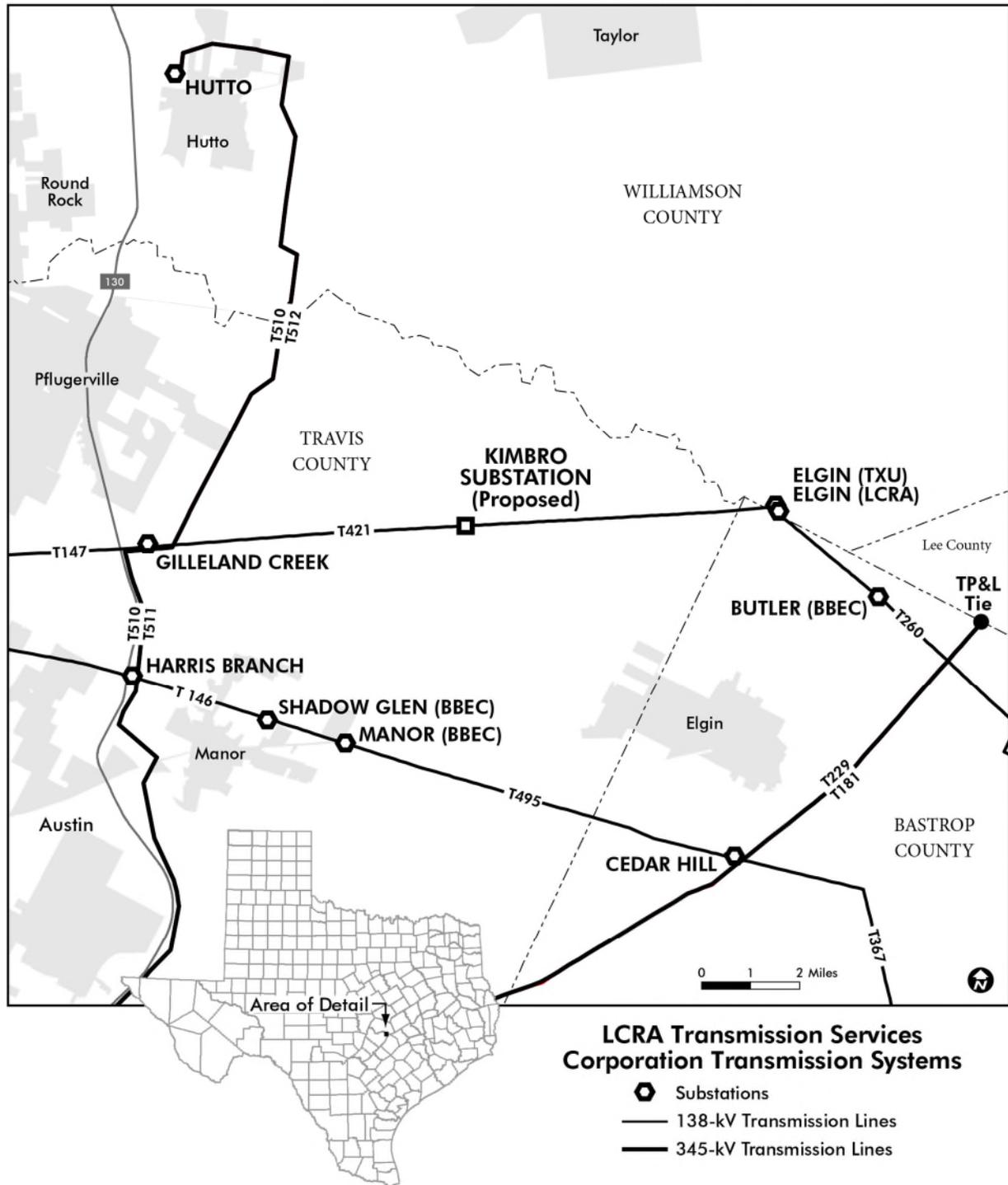
Mike Shuba
 Vice President and Chief Operating Officer

Exhibit(s)

A - Location Map - Kimbro Substation Addition

EXHIBIT A

Capital Improvement Project Approval Kimbro Substation Addition



FOR ACTION

4. Capital Improvement Project Approval – Goldthwaite Power Transformer Replacement

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the Goldthwaite Power Transformer Replacement project.

Board Consideration

LCRA Transmission Services Corporation (LCRA TSC) Board Policy T304 – Financial Planning Policy requires Board approval of any project not included in the annual capital plan or any previously approved project expected to exceed its lifetime budget by 10 percent and \$300,000.

Budget Status and Fiscal Impact

- Project is not included in LCRA TSC's fiscal year (FY) 2017 capital plan.
- Staff seeks approval for a total lifetime budget of \$486,000, all of which staff expects to spend this fiscal year.
- The proposed lifetime budget for the project was estimated with no contingency.
- Staff members believe they can manage this additional spending within the existing FY 2017 capital budget and currently do not request additional fiscal year capital budget authorization.
- The chief operating officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, pending approval by the Public Utility Commission of Texas.

Summary

Staff recommends the Goldthwaite Power Transformer Replacement project as an addendum to the FY 2017 LCRA TSC capital plan. This project will replace the Goldthwaite power transformer that failed on Dec. 12, 2016. It has been determined it is not cost-effective to repair the failed transformer, so staff has found a suitable used replacement from a third party. At present, the load at this substation is being served by one of LCRA TSC's mobile transformers. This project is requested prior to the FY 2018 capital plan in order to restore LCRA TSC transformation capability and free up the mobile transformer for other planned and emergency uses.

The required project completion date is March 2017. The funds will pay for project management, engineering, materials, construction and necessary land rights. LCRA TSC representatives will perform environmental and cultural due diligence studies and address all identified concerns. This project does not require a Certificate of Convenience and Necessity.

Project Recap

Total Project Estimated Cost: \$486,000

Previous Project Lifetime Budget: \$ 0

Lifetime Budget Approval Sought: \$486,000

FY 2017 \$486,000

Total: \$486,000

Project Direction

Project Manager: Lisa Gabbard

Project Sponsor: Kristian M. Koellner

Project Number: 1017443

Presenter(s)

Mike Shuba

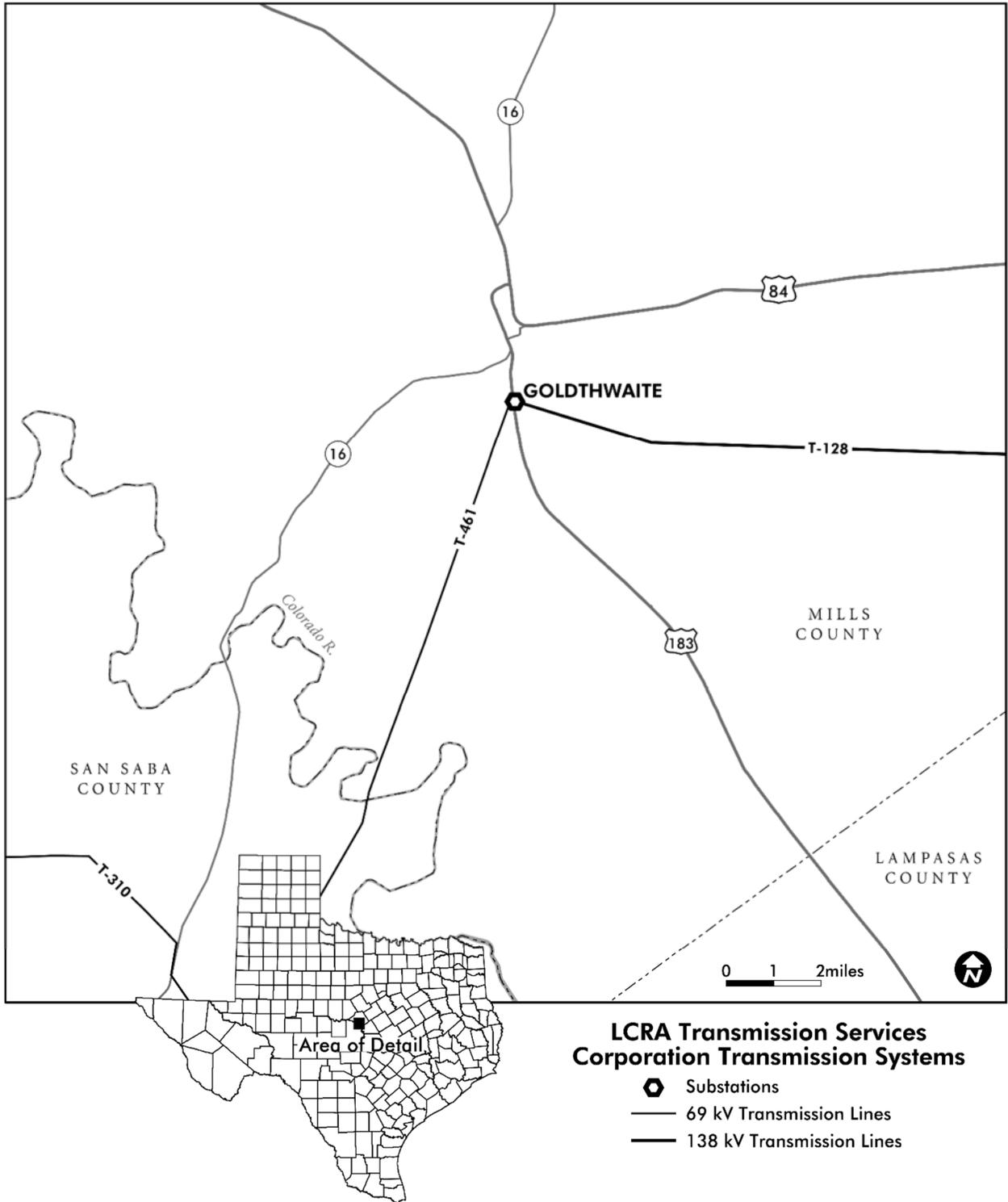
Vice President and Chief Operating Officer

Exhibit(s)

A – Location Map - Goldthwaite Power Transformer Replacement

EXHIBIT A

Capital Improvement Project Approval Goldthwaite Power Transformer Replacement



FOR ACTION

5. Capital Improvement Project Approval – FPP-to-Lytton Springs Transmission Line Storm Hardening

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the FPP-to-Lytton Springs Transmission Line Storm Hardening Project.

Board Consideration

LCRA Transmission Services Corporation (LCRA TSC) Board Policy T304 – Financial Planning Policy requires Board approval of any project not included in the annual capital plan or any previously approved project expected to exceed its lifetime budget by 10 percent and \$300,000.

Budget Status and Fiscal Impact

- Project is not included in LCRA TSC's fiscal year (FY) 2017 capital plan.
- Staff seeks approval for a total lifetime budget of \$1,088,000, all of which staff expects to spend this fiscal year.
- The proposed lifetime budget for the project was estimated with no contingency.
- Staff members believe they can manage this additional spending within the existing FY 2017 capital budget and currently do not request additional fiscal year capital budget authorization.
- The chief operating officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, pending approval by the Public Utility Commission of Texas (PUC).

Summary

Staff recommends the FPP-to-Lytton Springs Transmission Line Storm Hardening project as an addendum to the FY 2017 LCRA TSC capital plan. This project will meet the legal requirements of the PUC Substantive Rule §25.95 (Electric Utility Infrastructure Storm Hardening). This rule requires transmission lines to meet the wind loading in specific zones.

LCRA TSC has identified 22 structures on the FPP-to-Lytton Springs circuit that do not meet strength requirements for the 100 mph extreme wind loading zone. Recently, Austin Energy notified LCRA TSC of its plans to replace the existing conductor on the adjacent Austin Energy-owned FPP-to-Holman transmission circuit with new conductor and a fiber optic ground wire by June 2017. During a review of this project, it was determined that four additional double circuit structures will need to be modified, for a total of 26 structures to be included in the project scope. Coordinating this project with Austin Energy in FY 2017 would be more efficient because delaying until FY 2018 would likely precipitate the need for multiple outages.

The required project completion date is May 2017. The funds will pay for project management, engineering, materials, construction and necessary land rights. LCRA TSC representatives will perform environmental and cultural due diligence studies and

address all identified concerns. This project does not require a Certificate of Convenience and Necessity.

Project Recap

| | |
|-----------------------------------|--------------------|
| Total Project Estimated Cost: | <u>\$1,088,000</u> |
| Previous Project Lifetime Budget: | \$ 0 |
| Lifetime Budget Approval Sought: | <u>\$1,088,000</u> |
| FY 2017 | \$1,088,000 |
| Total: | <u>\$1,088,000</u> |

Project Direction

Project Manager: Phil Strader
Project Sponsor: Kristian M. Koellner
Project Number: 1017382

Presenter(s)

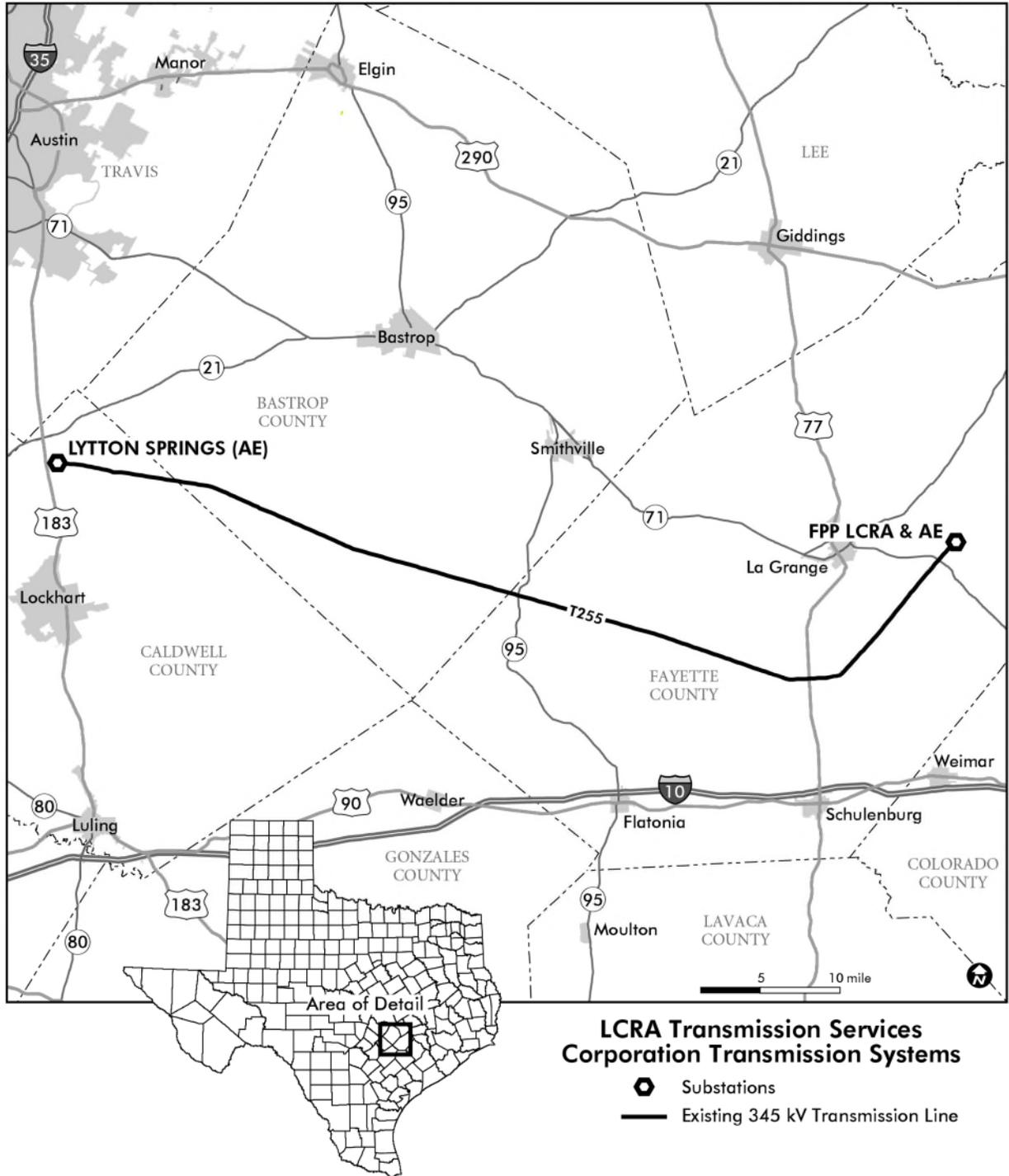
Mike Shuba
Vice President and Chief Operating Officer

Exhibit(s)

A – Location Map - FPP-to-Lytton Springs Transmission Line Storm Hardening

EXHIBIT A

**Capital Improvement Project Approval
FPP-to-Lytton Springs Transmission Line Storm Hardening**



FOR ACTION

6. Amendments to the LCRA TSC Bylaws and Board Policies

Proposed Motion

Approve proposed amendments to the LCRA Transmission Services Corporation (LCRA TSC) bylaws and Board policies.

Board Consideration

Approval by the LCRA TSC Board of Directors is required for any changes to the LCRA TSC bylaws and Board policies.

Budget Status and Fiscal Impact

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

Summary

Last year, staff completed an overall review of the LCRA bylaws and Board policies, resulting in proposed amendments to the bylaws and to individual policies. The LCRA Board approved the proposed amendments at the LCRA Board meeting on Sept. 21, 2016.

Staff made similar modifications to the LCRA TSC Board policies and is recommending LCRA TSC Board approval of the proposed amendments to the LCRA TSC policies. Among the proposals are changes to: eliminate unnecessary language; make language more concise, clear and consistent; and consolidate the two financial policies into one. Other non-substantive cleanup and formatting changes also are proposed. Staff also recommends a revision to the LCRA TSC bylaws to reflect that the chair presides over meetings of the Board.

The Board received redlined and clean versions of the policies and bylaws under separate cover.

Presenter(s)

Phil Wilson
Chief Executive Officer

FOR ACTION

7. Acquisition of Interests in Real Property - Use of Eminent Domain in Comal County

Proposed Motion

I move that the Board of LCRA Transmission Services Corporation (LCRA TSC) adopt the attached resolution; and that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the property described in Exhibit "1" to the resolution for Bergheim Substation Upgrade project.

Board Consideration

LCRA Transmission Services Corporation Board Policy T401 – Land Resources and Section 2206.053 of the Texas Government Code require Board authorization prior to the initiation of eminent domain proceedings.

Budget Status and Fiscal Impact

The funding and administrative costs associated with the Bergheim Substation Upgrade project were included in the LCRA TSC fiscal year 2017 capital plan.

Summary

LCRA TSC proposes to purchase approximately 29.81 acres in Comal County for the Bergheim Substation Upgrade Project. This project requires additional substation land to accommodate the installation of a new 345/138-kilovolt autotransformer and associated equipment. Valbridge Property Advisors - Dugger, Canaday, Grafe Inc. will perform an independent appraisal of the interests in real property to be acquired for use in determining just compensation to the landowner.

Staff has made an initial offer to acquire the necessary interests in real property voluntarily from the landowners listed on Exhibit C, as required by Sec. 21.0113 of the Texas Property Code. Staff will continue to negotiate for the purchase of the interests in real property. Staff members seek Board authorization to proceed with condemnation in the event they cannot reach agreement with the landowners.

Staff has provided to the Board, under separate cover, a description of the specific property to be acquired and will attach it to the resolution.

LCRA TSC representatives will perform environmental and cultural due diligence studies and address all identified concerns. This project does not require a Certificate of Convenience and Necessity.

Staff requests the Board adopt the resolution in Exhibit D authorizing the initiation of condemnation proceedings.

Presenter(s)

Steven T. Brown
Director, Real Estate Services

Exhibit(s)

A - Vicinity map

B - Site maps

C - Landowner list

D - Resolution

EXHIBIT A

**Acquisition of Interests in Real Property
Use of Eminent Domain in Comal County**

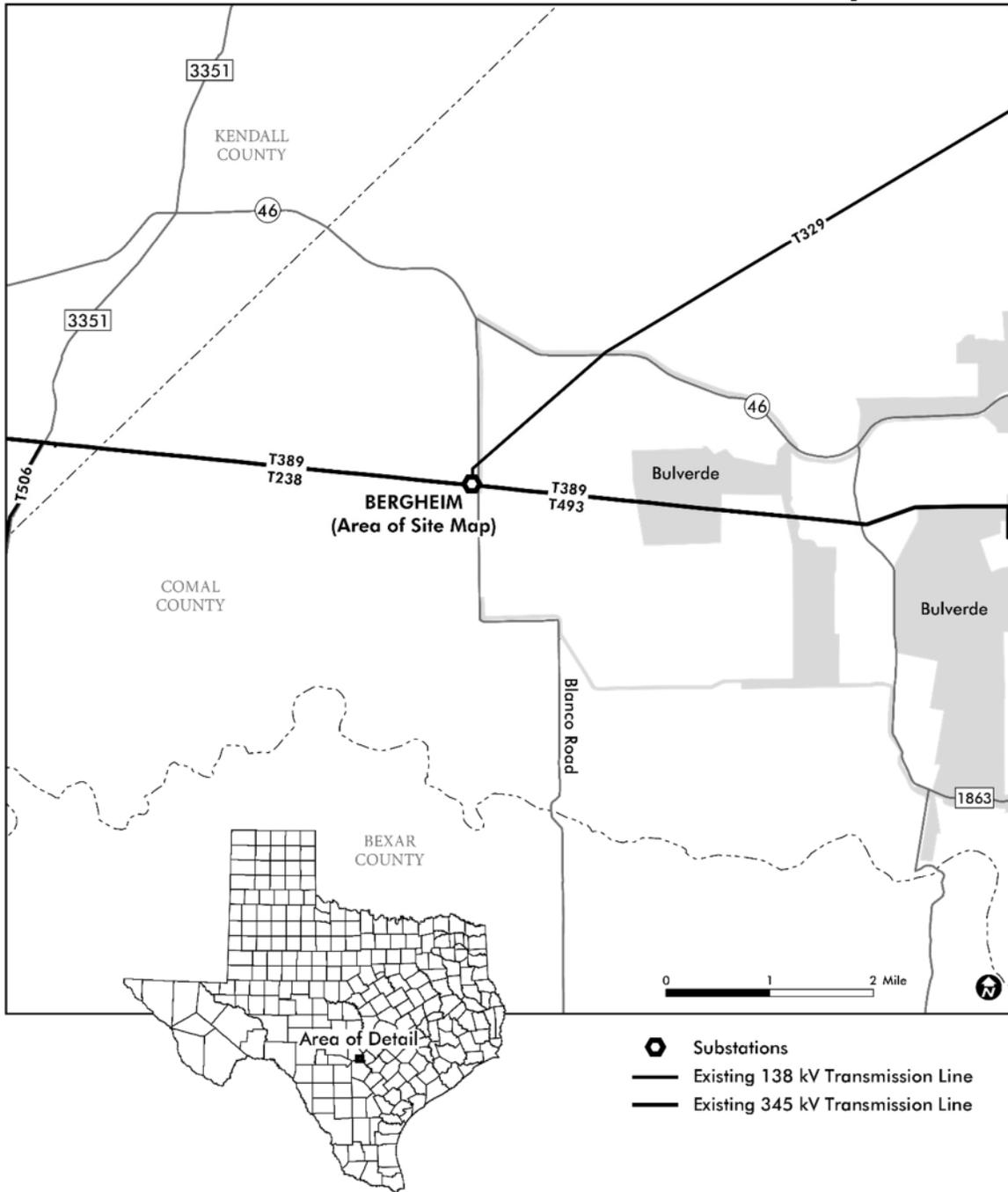


EXHIBIT B



EXHIBIT C

| | | Approximate Parent Tract Acreage | Land Rights | Approximate Acquisition Acreage | County | Approximate Value |
|---|---|----------------------------------|-------------|---------------------------------|--------|-------------------|
| 1 | Sherry Lin Gass Just, Nolan Todd Gass, Trece Lynette Gass Meuth, Tamra Jo Gass | 100.141 | F | 29.81 acres | Comal | \$437,000 |

Land Rights Legend

F = Fee Simple

EXHIBIT D

Page 1 of 2

PROPOSED MOTION

I MOVE THAT THE BOARD OF LCRA TRANSMISSION SERVICES CORPORATION ADOPT THE ATTACHED RESOLUTION; AND THAT THE BOARD AUTHORIZE BY RECORD VOTE THE USE OF THE POWER OF EMINENT DOMAIN TO ACQUIRE RIGHTS IN THE PROPERTY DESCRIBED IN EXHIBIT “1” TO THE RESOLUTION FOR THE BERGHEIM SUBSTATION UPGRADE PROJECT.

RESOLUTION

AUTHORIZING ACQUISITION OF INTERESTS IN REAL PROPERTY BY CONDEMNATION IN COMAL COUNTY, ELECTRIC SUBSTATION SITE IN FEE SIMPLE.

WHEREAS, the LCRA Transmission Services Corporation has determined the need to acquire the interests in real property necessary for the public purposes of construction, operation, and maintenance of an electric substation in Comal County; and

WHEREAS, an independent, professional appraisal of the subject property will be submitted to the LCRA Transmission Services Corporation, and an amount will be established to be just compensation for the interests in real property to be acquired;

NOW, THEREFORE, BE IT RESOLVED that the chief executive officer or his designee is authorized to purchase the interests in real property from the landowners listed in the attached Exhibits B and C for the construction of the Bergheim Substation Upgrade Project, with the description of the location of and interests in the property that LCRA Transmission Services Corporation seeks to acquire being more particularly described in maps provided to the Board and attached to this Resolution as Exhibit “1”; that the public convenience and necessity requires the acquisition of said interests in real property; that the public necessity requires the condemnation of the interests in real property in order to acquire them for such purposes; that LCRA Transmission Services Corporation does not intend to acquire rights to groundwater or surface water in the land; that LCRA Transmission Services Corporation will make a bona fide offer to acquire the interests in real property from the landowner(s) voluntarily as required by Sec. 21.0113 of the Texas Property Code; 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 interests in real property and that it should appear that further negotiations for settlement with the landowner(s) would be futile, then the chief executive officer or his designee is authorized and directed to initiate condemnation proceedings against the owner of the property, and against all other owners, lien holders, and other holders of an interest in

EXHIBIT D

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the property, in order to acquire the necessary interests in real 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 interests in real property that are proper and convenient for the operation of the substation.

FOR ACTION

8. Acquisition of Interests in Real Property - Use of Eminent Domain in Gillespie, Kendall and Blanco Counties

Proposed Motion

I move that the Board of LCRA Transmission Services Corporation (LCRA TSC) adopt the attached resolution; that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the properties described in Exhibit "1" to the resolution for the acquisition of new easements and a substation tap site on the Blumenthal Substation Addition Project; and that the first record vote applies to all units of property to be condemned.

Board Consideration

LCRA Transmission Services Corporation Board Policy T401 – Land Resources and Section 2206.053 of the Texas Government Code require Board authorization prior to the initiation of eminent domain proceedings.

Section 2206.053 of the Texas Government Code provides that if two or more Board members object to adopting a single resolution for all units, a separate record vote must be taken for each unit of property. If two or more units of real property are owned by the same person, those units may be treated as one unit of property.

Budget Status and Fiscal Impact

The funding and administrative costs associated with the Blumenthal Substation Addition Project were included in the LCRA TSC fiscal year 2010 capital plan.

Summary

LCRA TSC proposes to acquire easements in Gillespie, Kendall and Blanco Counties and purchase in fee a tap site location of 5.7 acres in Blanco County for the Blumenthal Substation Addition Project. Kokel-Oberrender-Wood Appraisal Ltd. performed an independent appraisal of the interests in real properties to be acquired for use in determining just compensation to the landowners.

Staff has made an initial offer to acquire the necessary interests in real property voluntarily from the landowners listed on Exhibit C, as required by Sec. 21.0113 of the Texas Property Code. Staff will continue to negotiate for the purchase of the interests in real property. Staff seeks Board authorization to proceed with condemnation in the event agreement cannot be reached with the landowners.

Staff has provided to the Board, under separate cover, a description of the specific property to be acquired and will attach it to the resolution.

LCRA TSC representatives will perform environmental and cultural due diligence studies and address all identified concerns. Staff requests the Board adopt the resolution in Exhibit D authorizing the initiation of condemnation proceedings on the first record vote for all units of property.

Presenter(s)

Steven T. Brown
Director, Real Estate Services

Exhibit(s)

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

EXHIBIT A

**Acquisition of Interests in Real Property
Use of Eminent Domain in Gillespie, Kendall and Blanco Counties**

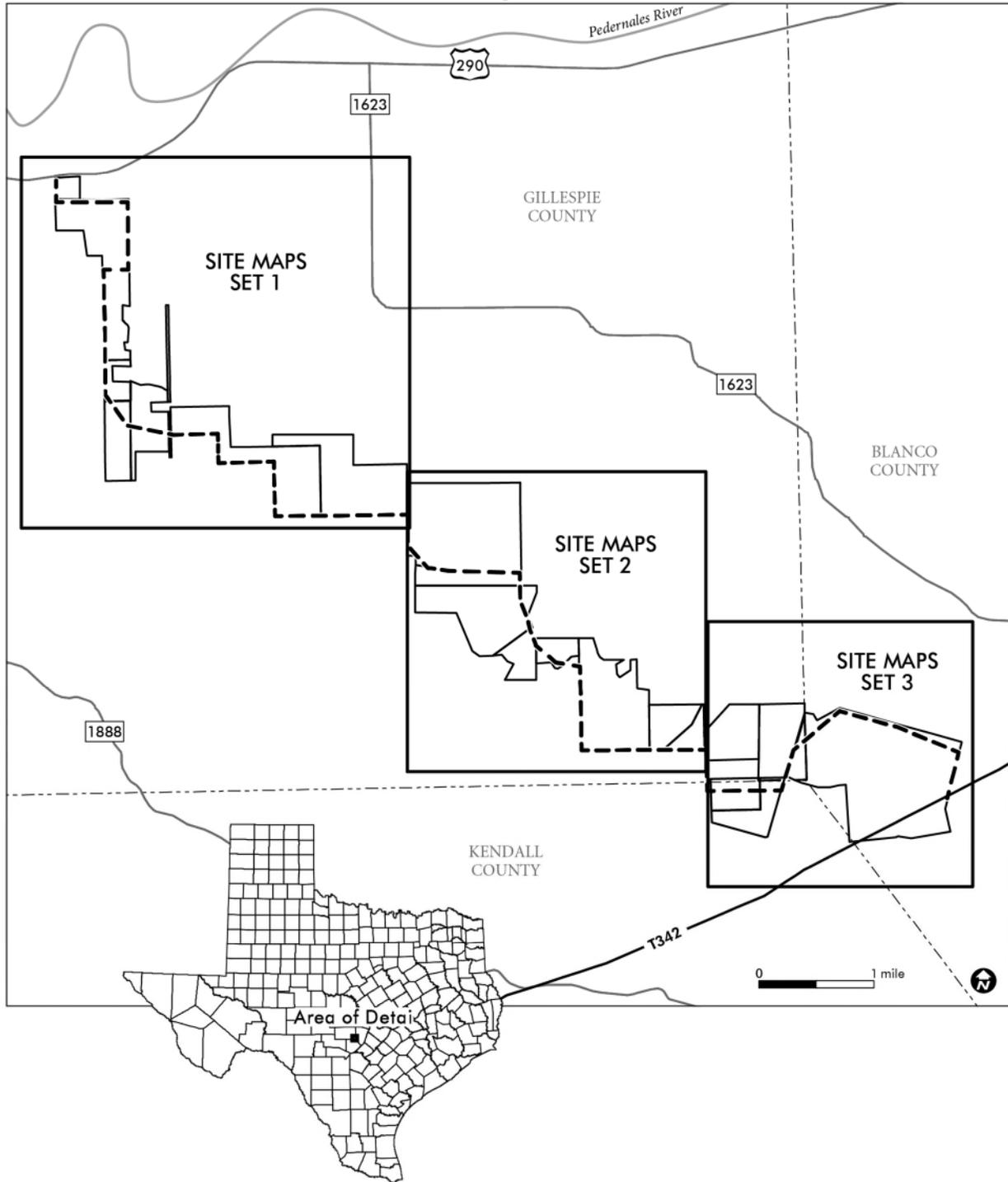


EXHIBIT B
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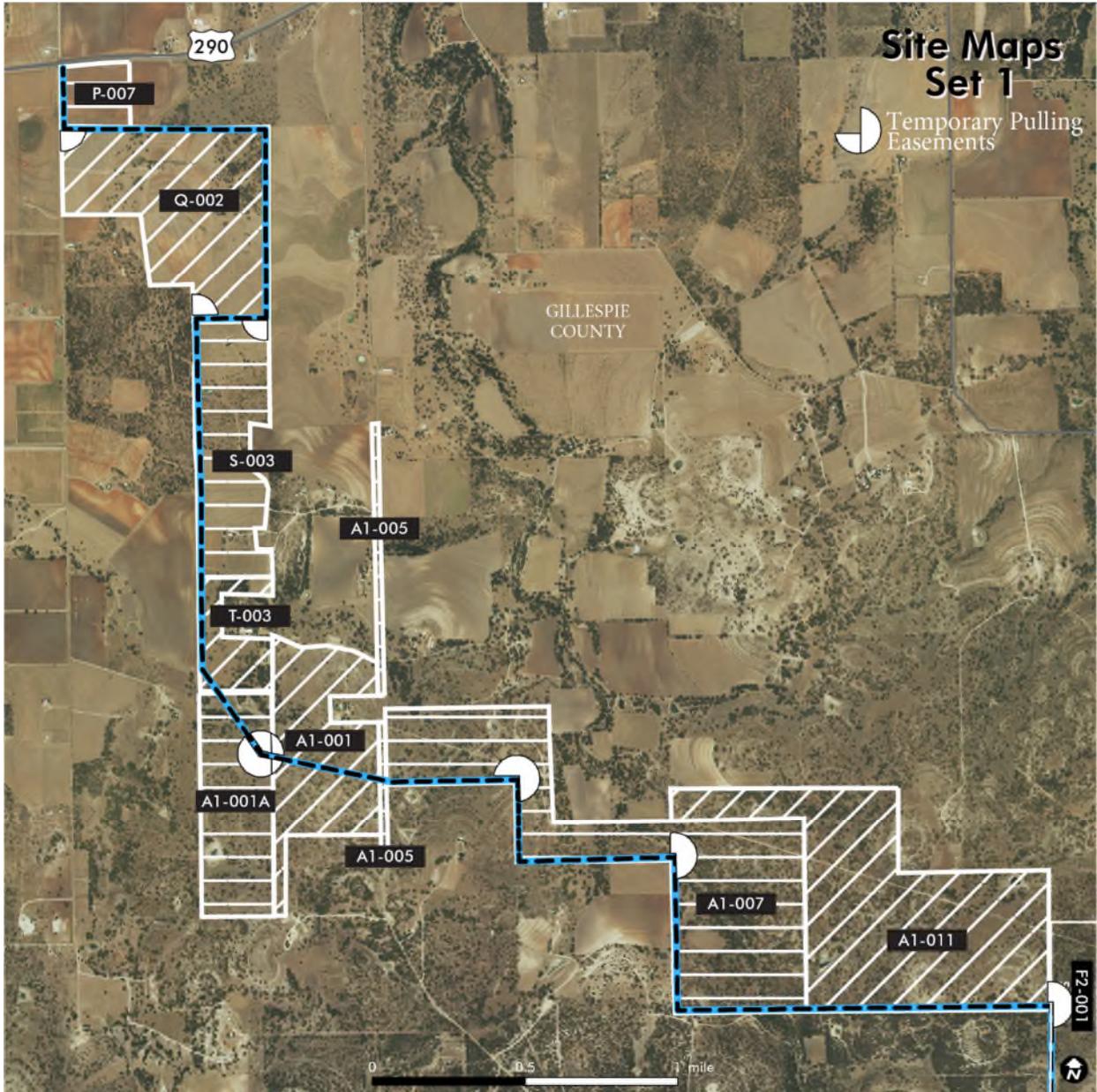


EXHIBIT B
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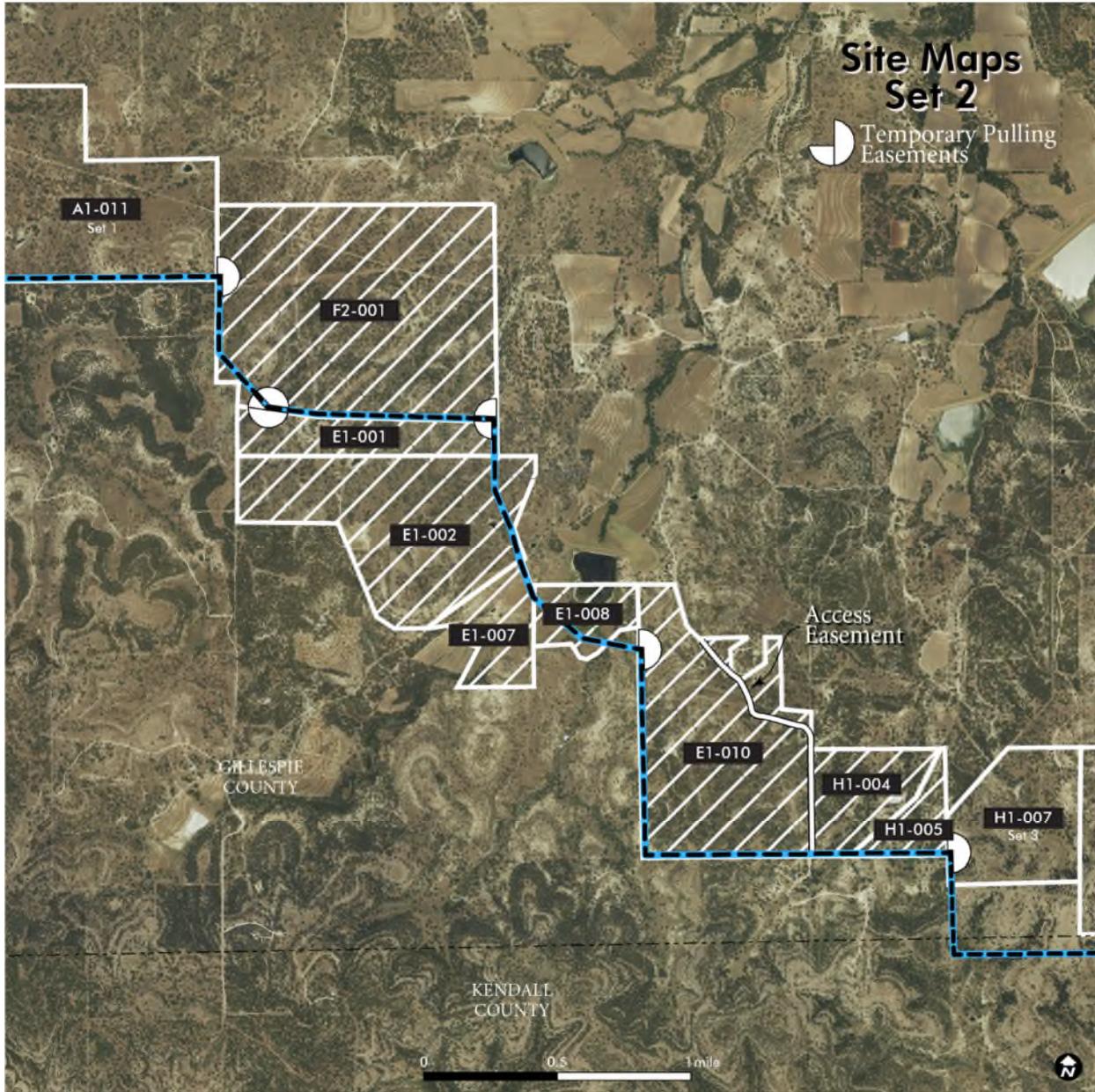


EXHIBIT B
Page 3 of 3

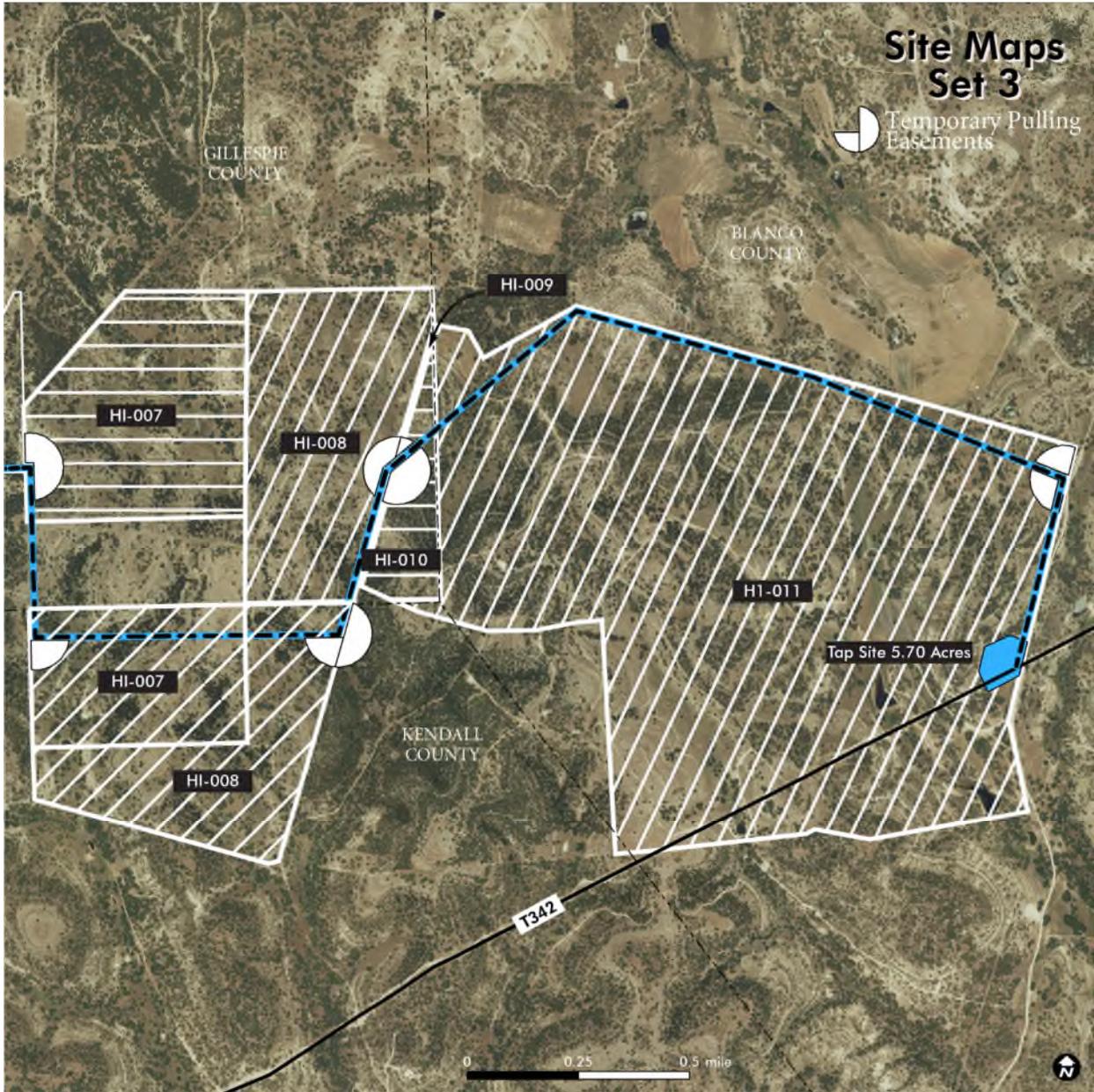


EXHIBIT C

| | Parcel ID | Landowners | Approximate Parent Tract Acreage | Land Rights | Approximate Acquisition Acreage | County | Approximate Value |
|----|-----------|---|----------------------------------|-------------|---|-----------|-------------------|
| 1 | P-007 | Bert Alan Mikosh | 35.00 ac. | Easement | 0.4 ac. TL | Gillespie | \$3,000 |
| 2 | Q-002 | WMB Partners, Ltd. | 202.15 ac. | Easement | 18.0 ac. TL 7.6 ac. TC 0.14 ac. A | Gillespie | \$340,000 |
| 3 | S-003 | Bradley Shaun Nielsen, et. al. | 217.21ac. | Easement | 11.0 ac. TL 2.8 ac. TC | Gillespie | \$180,000 |
| 4 | T-003 | Bradley Shaun Nielsen | 56.60 ac. | Easement | 4.8 ac. TL | Gillespie | \$135,000 |
| 5 | A1-001a | Bradley Shaun Nielsen, et. al. | 113 ac. | Easement | 3.4 ac. TL 5.4 ac. TC | Gillespie | \$130,000 |
| 6 | A1-001 | Karen Petermann and Eileen Ottmers | 205.83 ac. | Easement | 4.6 ac. TL 2.3 ac. TC | Gillespie | \$170,000 |
| 7 | A1-007 | Diane Lynn Strosser, et. al. | 161.9 ac. | Easement | 25.8 ac. TL 11.3 ac. TC | Gillespie | \$410,000 |
| 8 | A1-011 | Diane Lynn Strosser and Carla Jane Gale | 140.0 ac. | Easement | 9.6 ac. TL | Gillespie | \$135,000 |
| 9 | F2-001 | The Estate of Terese Tarleton Hershey/Hill Country Land Trust | 529.62 ac. | Easement | 17.3 ac. TL 9.7 ac. TC | Gillespie | \$330,000 |
| 10 | E1-001 | Kenneth Wayne Browder | 386.87 ac. | Easement | 6.4 ac. TL 4.9 ac. TC | Gillespie | \$200,000 |

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|----|------------------|-------------------------------------|-------------|-------------------|--|-----------|-----------|
| 11 | E1-007 | Randall and Kevin Wunderlich | 207.19 ac. | Easement | 3.5 ac. TL | Gillespie | \$100,000 |
| 12 | E1-008 | Jefferey Jon and Sabrina Kay Parras | 56.0 ac. | Easement | 3.9 ac. TL | Gillespie | \$85,000 |
| 13 | E1-010 | K. J. Alley Trust | 394.8 ac. | Easement | 16.4 ac. TL 5.6 ac. TC 4.5 ac. A | Gillespie | \$240,000 |
| 14 | H1-004 H1-005 | Crow's Sword Mgmt. Trust | 418.6 ac. | Easement | 1.8 ac. TL 4.4 ac. TL | Gillespie | \$150,000 |
| 15 | H1-007 | Ruebsham Family Partnership Ltd. | 476.34 ac. | Easement | 18.1 ac. TL 16.3 ac. TC | Gillespie | \$400,000 |
| 16 | H1-009 H1-011 | Meta Marie Dolgener, et. al. | 764.872 ac. | Easement Tap Site | 25.0 ac. TL 5.8 ac. TC 5.7 ac. F | Blanco | \$350,000 |

Total: \$3,358,000

TL = Transmission line easement
TC = Temporary construction easement
A = Permanent access easement
F = Fee simple

EXHIBIT D

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PROPOSED MOTION

I MOVE THAT THE BOARD OF LCRA TRANSMISSION SERVICES CORPORATION ADOPT THE ATTACHED RESOLUTION; THAT THE BOARD AUTHORIZE BY RECORD VOTE THE USE OF THE POWER OF EMINENT DOMAIN TO ACQUIRE RIGHTS IN THE PROPERTY DESCRIBED IN EXHIBIT “1” TO THE RESOLUTION FOR THE BLUMENTHAL SUBSTATION ADDITION PROJECT; AND THAT THE FIRST RECORD VOTE APPLIES TO ALL UNITS OF PROPERTY TO BE CONDEMNED.

RESOLUTION

AUTHORIZING ACQUISITION OF INTERESTS IN REAL PROPERTY BY CONDEMNATION IN GILLESPIE, KENDALL AND BLANCO COUNTIES, INCLUDING ELECTRIC SUBSTATION TAP SITE IN FEE SIMPLE AND TRANSMISSION LINE EASEMENTS.

WHEREAS, the LCRA Transmission Services Corporation has determined the need to acquire the interests in real property necessary for the public purposes of construction, operation, and maintenance of an electric transmission line and a substation tap site in Gillespie, Kendall and Blanco Counties; and

WHEREAS, an independent, professional appraisal of the subject property will be submitted to the LCRA Transmission Services Corporation, and an amount will be established to be just compensation for the interests in real property to be acquired;

NOW, THEREFORE, BE IT RESOLVED that the chief executive officer or his designee is authorized to purchase the interests in real property from the landowners listed in the attached Exhibits B and C for the construction of Blumenthal Substation Addition Project, with the description of the location of and interests in the property that LCRA Transmission Services Corporation seeks to acquire being more particularly described in maps provided to the Board and attached to this Resolution as Exhibit “1”; that the public convenience and necessity requires the acquisition of said interests in real property; that the public necessity requires the condemnation of the interests in real property in order to acquire them for such purposes; that LCRA Transmission Services Corporation does not intend to acquire rights to groundwater or surface water in the land; that LCRA Transmission Services Corporation will make a bona fide offer to acquire the interests in real property from the landowner(s) voluntarily as required by Sec. 21.0113 of the Texas Property Code; 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 interests in real property and that it should appear that further negotiations for settlement with the landowner(s) would be futile, then the chief executive officer or his designee is authorized and directed to initiate condemnation proceedings against the owner of the

EXHIBIT D

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property, and against all other owners, lien holders, and other holders of an interest in the property, in order to acquire the necessary interests in real 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 interests in real property that are proper and convenient for the operation of the electric transmission line and substation.

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