



# **Fiscal Year 2026 Business and Capital Plans**

**LCRA Transmission Services Corporation**



# LCRA Transmission Services Corporation Board of Directors

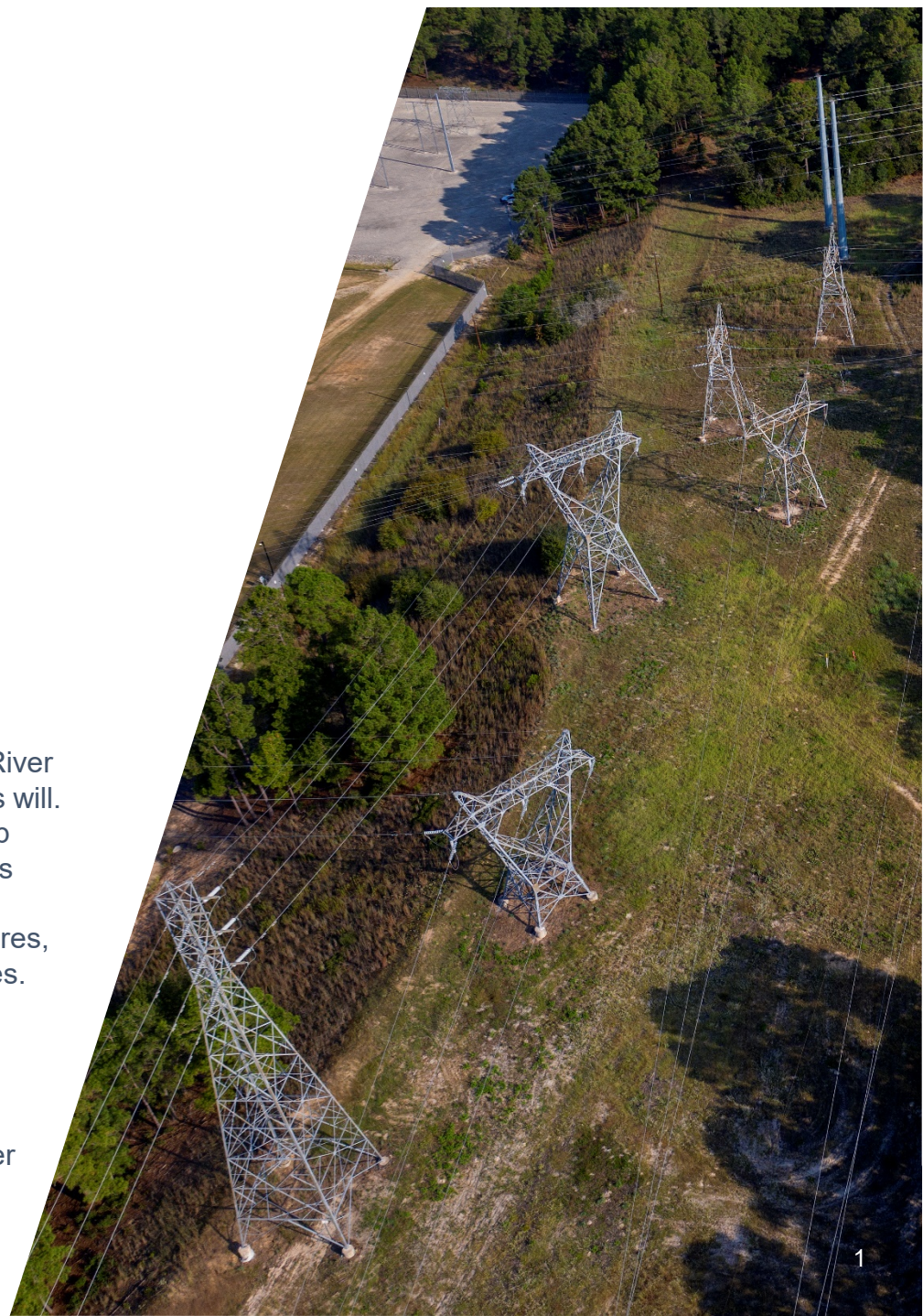
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The LCRA TSC Board is appointed by the Lower Colorado River Authority Board of Directors and serves at the LCRA Board's will. The current membership of the LCRA TSC Board is made up entirely of the existing LCRA Board. The LCRA TSC directors meet regularly to set strategic corporate direction for the president and CEO, to approve projects and large expenditures, and to review progress on major activities and industry issues.

## Officers

Phil Wilson, president and chief executive officer  
Kristian M. Koellner, vice president and chief operating officer  
James D. Travis, treasurer and chief financial officer  
Leigh Sebastian, secretary



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These business and capital plans present a long-term vision and summary of operational plans for LCRA Transmission Services Corporation. The business and capital plans should not be used as a basis for making a financial decision regarding LCRA TSC or any of its securities or other obligations. These business and capital plans are intended to satisfy the official intent requirements set forth in IRS Treasury Regulations Section 1.150-2. For more complete information on LCRA TSC and its obligations, refer to LCRA TSC's annual financial report, the official statements relating to LCRA TSC's bonds, and the annual and material event disclosures filed by LCRA TSC with nationally recognized municipal securities information repositories and the State Information Depository pursuant to Rule 15c2-12 of the U.S. Securities and Exchange Commission. The information in this report and within each of the documents referenced applies only as of the report's date. The business and capital plans include forecasts based on current assumptions used for planning purposes only and are subject to change. Copies of the documents referenced in this report may be obtained from Dawn Reed, senior vice president of Financial Planning and Analysis, LCRA, 3700 Lake Austin Blvd., Austin, TX 78703.



# Introduction

LCRA Transmission Services Corporation is a nonprofit corporation that serves electric service needs across Texas with a robust network of transmission lines and substations. LCRA TSC has no employees, but contracts with LCRA to provide the services and products necessary for LCRA TSC to achieve its goals and initiatives.

Since LCRA TSC was created in 2002, the organization's revenues primarily have been reinvested in the transmission system, under the oversight of the Public Utility Commission of Texas.

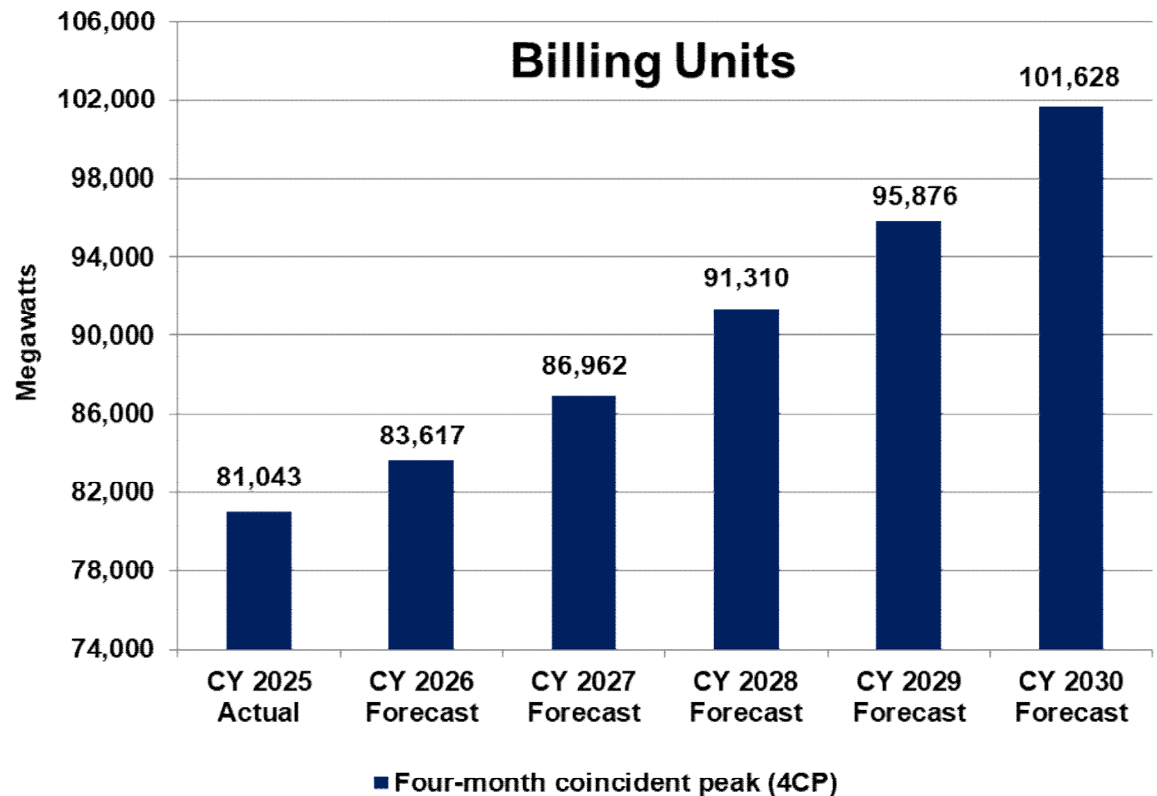
LCRA TSC funds capital improvements to its transmission system with revenues collected above those required to cover:

- Operating costs (including sales and property taxes).
- Debt service.
- Funding of reserves.
- LCRA TSC's portion of LCRA's Enterprise Support capital costs.
- LCRA TSC's portion of LCRA's corporate expenses.
- LCRA TSC's portion of statutory funding, including Public Service Fund and Resource Development Fund.

# Billing Units

LCRA TSC's billing unit is the four-month coincident peak in the Electric Reliability Council of Texas market.

- 4CP is the average of the peak ERCOT electrical demands (measured in kilowatts) during the months of June, July, August and September of the previous calendar year.
- The Public Utility Commission of Texas approves the average of these four ERCOT system peaks each year to establish a 4CP for the following calendar year.
- 4CP is forecast to grow about 3% to 6% per year between calendar years 2026 and 2030 across ERCOT.



Note: One megawatt equals 1,000 kilowatts.



# Capital and Rate Plans

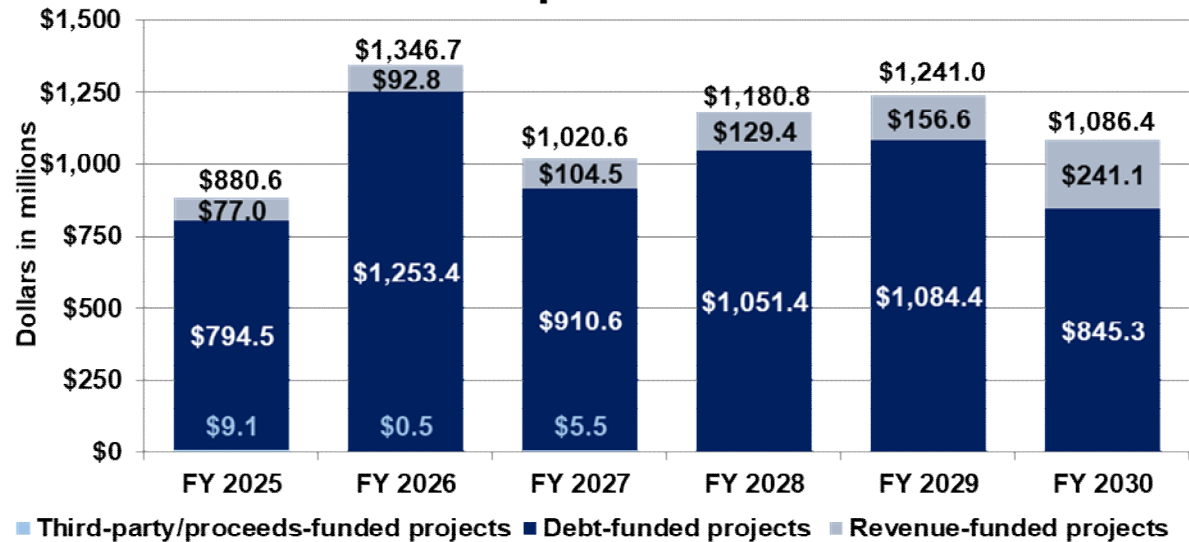
**We're growing the transmission system to meet customer needs:**

- LCRA TSC plans to invest about \$5.9 billion in capital projects over the five-year planning period to support the needs of the ERCOT and LCRA TSC systems.
- LCRA TSC plans to recover its capital investment for projects that are completed and energized through interim transmission cost of service filings in fiscal year 2026 through FY 2030. Additionally, LCRA TSC plans to file a TCOS rate case using an FY 2027 test year with new rates going into effect in FY 2029.
- LCRA TSC will continue to recover costs associated with additional projects beyond FY 2026 after they are completed and energized.

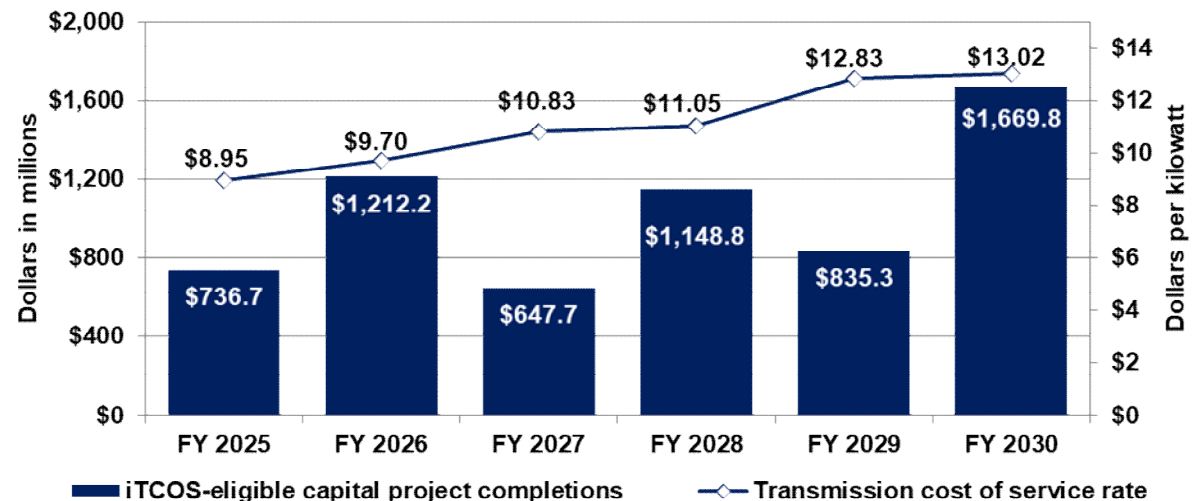
Note: Totals throughout this document may not equal the sum of numbers shown due to rounding.

LCRA Board Work Session, DRAFT

## Capital Plan



## Rate Plan



iTCOS: interim transmission cost of service

# Financial Summary

- LCRA continues to expand the Transmission organization, adding staff and equipment needed to increase its current capacity to operate and construct facilities for LCRA TSC and provide customer services.

(Dollars in millions)

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$ 738.3	823.0	926.4	1,009.6	1,163.4	1,324.4
Operations and Maintenance	158.7	181.9	186.3	194.0	208.3	221.5
Net Operating Margin	579.6	641.1	740.1	815.6	955.1	1,102.8
Plus: Interest Income	9.1	9.4	9.8	9.8	9.6	8.4
Less: Assigned Enterprise Expense	78.4	74.5	92.3	94.9	100.7	110.6
Public Service Fund	22.1	24.7	27.8	30.3	34.9	39.7
Resource Development Fund	14.8	16.5	18.5	20.2	23.3	26.5
Net Margin Available for Debt Service	473.4	534.9	611.3	680.0	805.7	934.4
Debt Service	\$ 346.5	388.4	452.6	509.0	594.9	657.5
Debt Service Coverage	1.37x	1.38x	1.35x	1.34x	1.35x	1.42x
Net Margin After Debt Service	\$ 126.9	146.4	158.7	171.0	210.8	276.9
Less:						
Operating Reserves	19.6	24.1	28.7	28.3	31.3	34.5
Assigned Enterprise Capital	31.0	36.0	33.9	25.7	40.7	21.5
Assigned Transmission Minor Capital	17.9	17.9	17.9	17.9	18.0	18.0
Revenue-Funded Capital	77.0	92.8	104.5	129.4	156.6	241.1
Plus:						
Amortization of Enterprise/Minor Capital <sup>1</sup>	18.6	24.4	26.4	30.3	35.8	38.0
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

<sup>1</sup> In FY 2012, LCRA TSC began funding minor capital and its share of enterprise capital with current year revenues. It will include an amortization of the amount in each year to recover in rates.



# Capital Plan

- Board approval of this plan authorizes the proposed \$1.3 billion budget for FY 2026 capital spending, which includes \$604.8 million for projects the Board approved previously and \$741.9 million of potential future projects.
- Staff will bring future projects individually to the Board or the CEO for approval after scope and cost estimates have been further refined and the budget has been established. Staff includes future projects in this document for financial planning purposes.

## FY 2026 Capital Spending for Approved and Future Projects LCRA Transmission Services Corporation

(Dollars in millions)

	Budgeted	Proposed	Forecast				Five-Year Total
			FY 2027	FY 2028	FY 2029	FY 2030	
Approved Projects	\$	604.8	125.5	13.3	0.0	0.0	743.7
Future Projects		741.9	895.1	1,167.5	1,241.0	1,086.4	5,131.9
<b>Total FY 2026 Capital Plan</b>		<b>1,346.7</b>	<b>1,020.6</b>	<b>1,180.8</b>	<b>1,241.0</b>	<b>1,086.4</b>	<b>5,875.6</b>

### Comparison With Previous Plan

Total FY 2025 Capital Plan	\$	880.6	837.8	887.1	690.1	608.6	0.0	3,904.3
Difference*		n/a	508.9	133.5	490.7	632.4	n/a	1,971.3

\*Difference for five-year total is based on a rolling five-year comparison, i.e., FY 2026-FY 2030 spending from the current plan compared with FY 2025-FY 2029 from the plan the Board approved in May 2024.

# Capital Plan (Continued)

- LCRA TSC's FY 2026 capital budget for approved and future projects is \$1.3 billion. About 7% of that amount will be revenue-funded or third-party or proceeds-funded.
- LCRA TSC's five-year total expected capital spending is about \$5.9 billion. About 12% of that amount is projected to be revenue-funded or third-party or proceeds-funded.

## FY 2026-FY 2030 Capital Spending for Approved and Future Projects LCRA Transmission Services Corporation

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b><u>Capital Expenditures</u></b>						
Debt-Funded	\$ 794.5	1,253.4	910.6	1,051.4	1,084.4	845.3
Revenue-Funded	77.0	92.8	104.5	129.4	156.6	241.1
Third-Party or Proceeds-Funded	9.1	0.5	5.5	0.0	0.0	0.0
	<b>\$ 880.6</b>	<b>1,346.7</b>	<b>1,020.6</b>	<b>1,180.8</b>	<b>1,241.0</b>	<b>1,086.4</b>



# Capital Plan (Continued)

## Capital Planning Approach

LCRA TSC's capital planning approach conforms to the corporation's Board Policy T601 – Wholesale Electric Service Policy, which requires LCRA TSC to provide nondiscriminatory wholesale electric service and open access in accordance with PUC rules, applicable tariffs, ERCOT requirements, North American Electric Reliability Corporation reliability standards and other LCRA TSC requirements.

LCRA TSC develops its capital plan to meet the following industry requirements:

- Compliance with ERCOT market rules and applicable NERC reliability standards for adequate and reliable transmission service.
- Compliance with PUC rules to provide transmission service to eligible transmission customers (e.g., other electric utilities, power marketers, exempt wholesale generators' qualifying facilities) on the same terms and conditions under which it provides transmission service to itself.
- Compliance with PUC and ERCOT direction to construct transmission facilities to mitigate transmission grid reliability risks and to relieve congestion associated with the flow of power in ERCOT.
- Necessary improvements, based on defined system planning criteria, to maintain the reliability, resiliency, security and safety of LCRA TSC's electric system and minimize the consequences associated with equipment failures that cause electric service outages.

Fundamentally, as a transmission service provider in ERCOT, LCRA TSC provides reliable transmission service to ERCOT ratepayers and open access to the transmission grid to eligible customers. PUC Substantive Rule 25.195(d) requires transmission service providers in ERCOT to “construct and place into service sufficient transmission capacity to ensure adequacy and reliability of the network to deliver power to transmission service customer loads.” The requirements to provide facilities to safely and reliably meet existing and anticipated growth in electric system load and generation are key drivers for LCRA TSC's capital projects.

# Capital Plan (Continued)

## Capital Planning Approach (Continued)

The FY 2026 capital plan is the result of obligatory system assessments conducted annually to ensure continued long-term adequate and reliable electric service. LCRA TSC works closely with transmission customers directly connected to LCRA TSC facilities, other transmission and distribution service providers, generation entities, and ERCOT to identify electric system needs.

If facilities do not meet planning-level reliability performance requirements under forecast conditions, staff explores cost-effective solutions. When feasible, staff analyzes multiple alternative solutions, including operating solutions. These solutions typically include modifications, upgrades and/or additions of substation, telecommunications or transmission line facilities. LCRA Transmission Planning staff also considers options that optimize the use of existing facilities, address multiple performance limitations and minimize the need to acquire new rights of way when possible.

LCRA TSC's capital planning process results in the publication of the Transmission System Improvements Plan. The TSIP consists of a business case analysis developed by LCRA's Transmission Planning staff for each project. Staff evaluates each project based on technical merits to meet system performance requirements. Staff conducts a detailed analysis to assist in selecting the best, most cost-effective alternative to meet present and future needs. Certain projects may require ERCOT Board of Directors approval or ERCOT stakeholder review to ensure projects are effective and coordinated, while certain projects requiring construction of a new transmission line may require approval of an amendment to LCRA TSC's Certificate of Convenience and Necessity from the PUC.



# Capital Plan (Continued)

## Cost Estimating

LCRA staff develops project cost estimates for the appropriate planning alternatives using electric utility industry standard practices. These estimates are refined as the project progresses through scope definition, design and other milestones until the scope and cost estimates are finalized. This process includes collaboration with multiple project stakeholders.

## Project Approval and Monitoring

For any project not previously authorized by the LCRA TSC Board, Board Policy T301 delegates to the CEO the authority to approve any capital project with a lifetime budget not to exceed \$1.5 million. Board Policy T301 also gives the CEO delegated authority to approve all capital projects associated with generation interconnection projects not previously authorized by the LCRA TSC Board, in each case only after the generator has provided appropriate financial security to LCRA TSC for its expenses. Staff will communicate any CEO-approved projects to the LCRA TSC Board on a quarterly basis.

Board Policy T301 gives the CEO the ability to approve additional funding for an approved capital project that is expected to exceed its lifetime budget, so long as such additional funding does not cause total capital expenditures to exceed the approved capital plan or materially adversely impact business planning assumptions. Staff will communicate any CEO-approved additional project funding to the LCRA TSC Board on a quarterly basis.

## Capital Outlook

Over the next five years, LCRA TSC will continue to construct and upgrade transmission lines, substation facilities, and other supporting infrastructure. This plan includes expected spending over the next five years of about \$5.9 billion. This spending will be financed with debt, revenues and third-party funds as shown on Page 9 of this plan. This plan is subject to revision as LCRA TSC continues to respond to the evolving needs of the transmission system in ERCOT.

# Capital Plan (Continued)

Transmission projects fall into these categories:

- **Facility acquisition projects** are associated with the acquisition of existing facilities.
- **General addition projects** are primarily smaller construction projects that maintain electric transmission infrastructure and reliability.
- **Generator interconnection projects** are necessary to facilitate generator interconnections requested by participants in the ERCOT market.
- **Minor capital projects** are primarily for the acquisition of equipment that supports electric transmission needs and, generally, is ready to place in service upon delivery.
- **Service reliability projects** are driven by equipment obsolescence, operational improvements or transmission service reliability needs.
- **System capacity projects** are needed to provide new or increased transmission or transformation system capacity.
- **Third-party funded projects** are not driven by utility criteria; instead, external parties that will contribute a substantial portion of the project cost.

# Capital Plan – Approved Projects

There are 47 approved projects with expected spending of \$604.8 million in FY 2026. This expected spending is categorized below.

## LCRA Transmission Services Corporation FY 2026 Capital Plan Approved Projects

(Dollars in millions)

Planning Category		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Total
Generator Interconnection Projects	\$	14.5	0.0	-	-	-	14.5
Service Reliability Projects		155.8	31.3	-	-	-	187.1
System Capacity Projects		434.5	94.2	13.3	-	-	542.1
Approved Subtotal	\$	604.8	125.5	13.3	-	-	743.7

# Capital Plan – Future Projects

Staff continues to evaluate potential projects totaling about \$5.1 billion of expected spending over the next five years. Staff will bring these projects individually to the Board or CEO for approval throughout the fiscal year. This spending is categorized below.

## LCRA Transmission Services Corporation FY 2026 Capital Plan Future Projects

(Dollars in millions)

Planning Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Total
General Addition Projects	\$ 9.0	9.0	9.0	9.0	9.0	45.0
Generator Interconnection Projects	10.4	45.0	45.0	45.0	45.0	190.4
Minor Capital Projects	0.4	0.3	0.3	0.3	0.3	1.6
Service Reliability Projects	387.7	378.8	533.7	435.7	374.3	2,110.2
System Capacity Projects	333.9	456.5	579.5	751.0	657.8	2,778.7
Third-Party Funded Projects	0.5	5.5	-	-	-	6.0
Future Subtotal	\$ 741.9	895.1	1,167.5	1,241.0	1,086.4	5,131.9



# Capital Plan – Approved and Future Projects

Spending for approved and potential future projects totaling about \$5.9 billion over the next five years is categorized below.

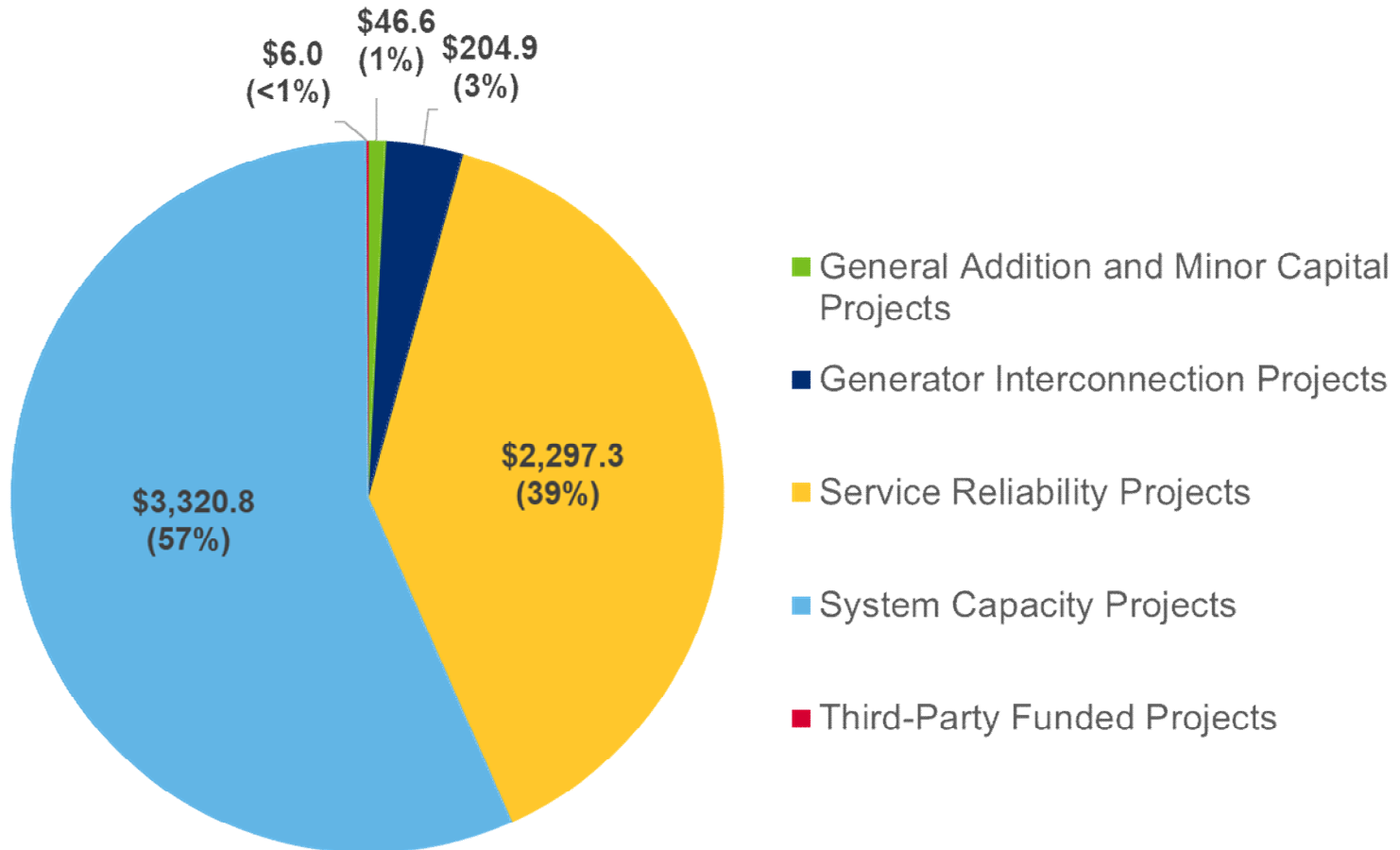
## LCRA Transmission Services Corporation FY 2026 Capital Plan Approved and Future Projects

(Dollars in millions)

Planning Category		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Total
General Addition Projects	\$	9.0	9.0	9.0	9.0	9.0	45.0
Generator Interconnection Projects		24.9	45.0	45.0	45.0	45.0	204.9
Minor Capital Projects		0.4	0.3	0.3	0.3	0.3	1.6
Service Reliability Projects		543.5	410.1	533.7	435.7	374.3	2,297.3
System Capacity Projects		768.4	550.7	592.8	751.0	657.8	3,320.8
Third-Party Funded Projects		0.5	5.5	-	-	-	6.0
<b>Total LCRA Transmission Services Corporation</b>	\$	1,346.7	1,020.6	1,180.8	1,241.0	1,086.4	5,875.6

# Capital Plan – Approved and Future Projects (Continued)

Total spending on Transmission approved and potential future capital projects is expected to be about \$5.9 billion over the next five years. This spending is categorized below.



Dollars in millions

# Appendix

# Capital Plan – Approved Projects

## LCRA Transmission Services Corporation

### FY 2026 Capital Plan Approved Projects

(Dollars in thousands)

Project Name	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Total	Lifetime
<b>Generator Interconnection Projects</b>							
John Dumas Circuit Breaker Addition	13,905	7	-	-	-	13,912	22,200
Leesville Substation Addition	329	-	-	-	-	329	12,400
Twelvemile Substation Addition	218	-	-	-	-	218	49,800
Generator Interconnection Projects Subtotal	14,452	7	-	-	-	14,459	84,400
<b>Service Reliability Projects</b>							
Antler-Bergheim Transmission Line Upgrade	28	-	-	-	-	28	87,327
Battery Systems – FY 2024 Substation Upgrade	28	-	-	-	-	28	3,700
Boerne Split-Welfare Transmission Line Upgrade	46,852	-	-	-	-	46,852	93,600
Central Texas Electric Cooperative Area Substation Upgrade	162	10	-	-	-	172	3,100
Circuit Switcher – FY 2023 Substation Upgrade	1,568	-	-	-	-	1,568	4,149
Dalchau Service Center Physical Security Facilities Upgrade	54	-	-	-	-	54	2,500
Doss-Headwaters Transmission Line Overhaul	19,695	-	-	-	-	19,695	29,500
Easement Enhancement – FY 2023 System Upgrade	11	-	-	-	-	11	5,700
Easement Enhancement – FY 2024 System Upgrade	1,064	-	-	-	-	1,064	8,600
Easement Enhancement – FY 2025 System Upgrade	4,043	1,091	-	-	-	5,134	8,600
Eckert Power Transformer Upgrade	1,786	-	-	-	-	1,786	6,300
Edge Firewall – FY 2023 Telecommunications Upgrade	16	-	-	-	-	16	2,000
Elgin Switch Substation Upgrade	33	-	-	-	-	33	11,100
Energy Management System – FY 2023 System Upgrade	517	-	-	-	-	517	12,700
Flatonia-Plum Transmission Line Overhaul	190	-	-	-	-	190	9,000
FPP Yard 2-Lytton Springs Easement Enhancement System Upgrade	1,301	27	-	-	-	1,328	4,100
FPP Yard 2-Lytton Springs Transmission Line Overhaul	9,054	-	-	-	-	9,054	101,700



# Capital Plan – Approved Projects (Continued)

## LCRA Transmission Services Corporation FY 2026 Capital Plan Approved Projects

(Dollars in thousands)

Project Name	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Total	Lifetime
<b>Service Reliability Projects (continued)</b>							
Georgetown Area Substation Upgrade	27	-	-	-	-	27	7,600
Kendall-Welfare Transmission Line Upgrade	66,472	25,321	-	-	-	91,793	122,000
Lockhart-Luling 69-kVA Transmission Line Overhaul	359	-	-	-	-	359	47,400
Magnolia-Magnolia Tap Fiber Addition	10	-	-	-	-	10	3,400
McCarty Lane-Zorn Transmission Line Storm Hardening	95	-	-	-	-	95	24,800
Mobile Substation – FY 2025 Power Transformer Addition	1,221	2,279	-	-	-	3,500	5,700
Mont-Pilot Grove Transmission Line Overhaul	40	-	-	-	-	40	16,200
Physical Security – FY 2024 Substation Upgrade	12	-	-	-	-	12	6,200
Pilot Grove-Yoakum Gartner Road Transmission Line Overhaul	1,000	-	-	-	-	1,000	14,200
Plum Substation Upgrade	45	-	-	-	-	45	7,800
Rim Rock Substation Upgrade	50	-	-	-	-	50	4,100
Spare Transformer – FY 2025 Power Transformer Addition	50	2,566	-	-	-	2,616	2,704
Transmission Insulators – FY 2024 System Upgrade	31	-	-	-	-	31	5,100
Service Reliability Projects Subtotal	155,814	31,294	-	-	-	187,108	660,880
<b>System Capacity Projects</b>							
Bakersfield Dynamic Reactive Substation Upgrade	72,345	71,503	13,343	-	-	157,191	215,000
Bearkat-North McCamey Transmission Line Addition	159,540	5,720	-	-	-	165,260	260,300
Chief Brady-Georgetown Transmission Line Upgrade	42	-	-	-	-	42	14,700
Crane Circuit Breaker Addition	33	-	-	-	-	33	1,396
Harris Branch Substation Upgrade	2,270	-	-	-	-	2,270	7,700
Henne Bus Substation Upgrade	17,063	191	-	-	-	17,254	21,600
Hornsby Power Transformer Addition	10	-	-	-	-	10	13,400

# Capital Plan – Approved Projects (Continued)

## LCRA Transmission Services Corporation

### FY 2026 Capital Plan Approved Projects

(Dollars in thousands)

Project Name	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Five-Year Total	Lifetime
<b>System Capacity Projects (continued)</b>							
Limmer Substation Addition	1,040	-	-	-	-	1,040	49,500
North McCamey-Sand Lake Transmission Line Addition	142,960	16,785	-	-	-	159,745	293,000
Redwood-San Marcos Transmission Line Upgrade	19,005	-	-	-	-	19,005	46,400
San Marcos Bus Substation Upgrade	77	-	-	-	-	77	3,800
San Marcos-Strahan Transmission Line Upgrade	82	-	-	-	-	82	12,800
Saxet Substation Addition	96	2	-	-	-	98	4,400
Sim Gideon-Swiftex Transmission Line Upgrade	19,985	-	-	-	-	19,985	40,400
<b>System Capacity Projects Subtotal</b>	<b>434,548</b>	<b>94,201</b>	<b>13,343</b>	<b>-</b>	<b>-</b>	<b>542,092</b>	<b>984,396</b>
<b>Approved Subtotal</b>	<b>604,814</b>	<b>125,502</b>	<b>13,343</b>	<b>-</b>	<b>-</b>	<b>743,659</b>	<b>1,729,676</b>

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