

LCRA Transmission Services Corporation

Board Agenda

Wednesday, Feb. 21, 2024

LCRA General Office Complex
Board Room – Hancock Building

3700 Lake Austin Blvd.

Austin, TX 78703

Earliest start time: 10:45 a.m.

Items From the Chair

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Executive Session

The Board may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

Legal Notice

Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at the following link: <https://www.sos.texas.gov/open/index.shtml>

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.

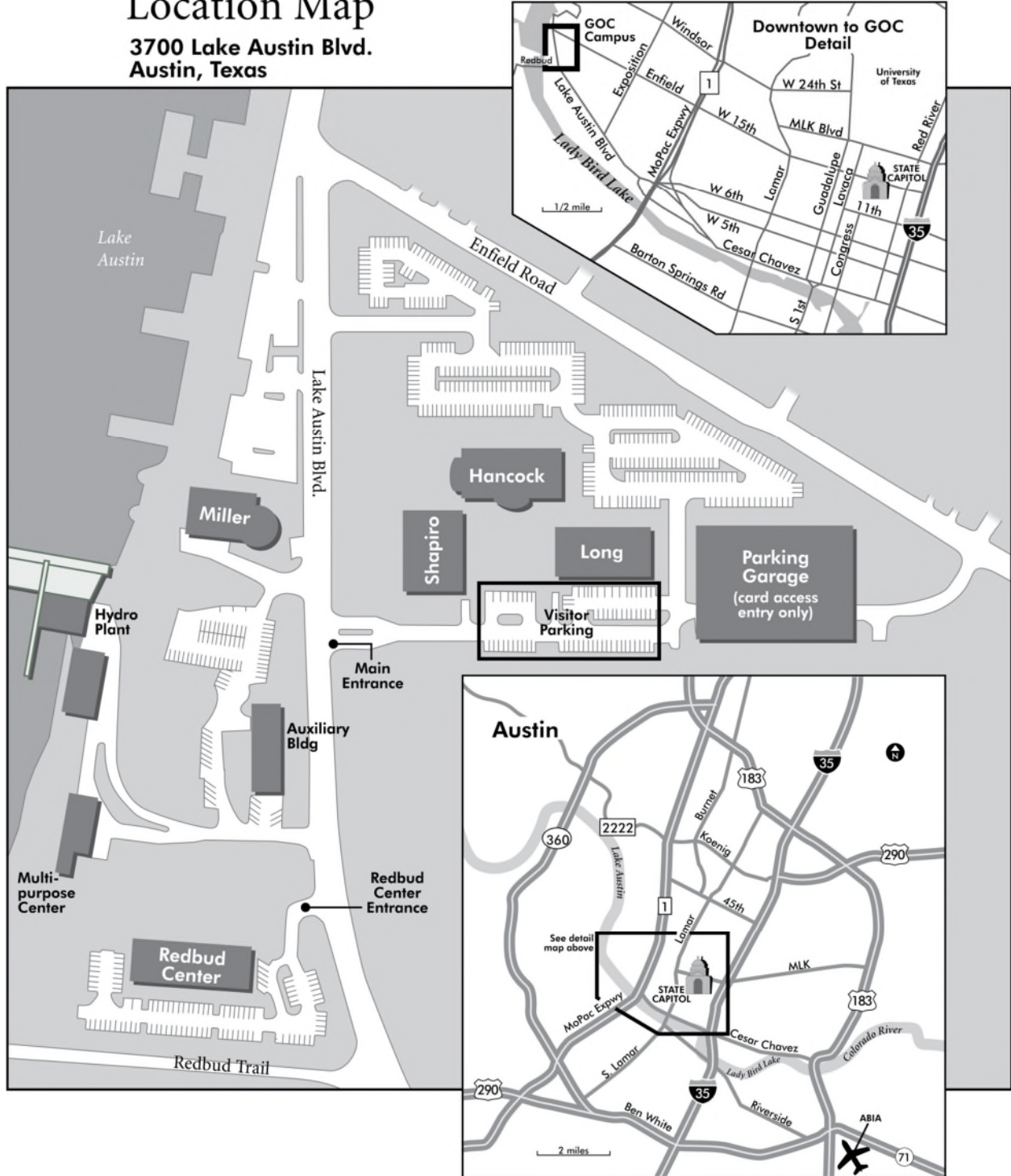
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and 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% 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.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA Transmission Services Corporation's jurisdiction but not related to an item on the Board of Directors agenda. No responses or action may be taken by the Board during public comments.

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room.

Any member of the public wishing to comment on an item listed on this agenda will be called to make comments at the appropriate time.

FOR ACTION (CONSENT)

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Jan. 24, 2024, 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 Jan. 24, 2024, meeting

EXHIBIT A

Minutes Digest
Jan. 24, 2024

- 24-01 Approval of the minutes of the Dec. 12, 2023, meeting.
- 24-02 Approval of the adoption by LCRA of the Forty-third Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing a \$150 million Transmission Services Tax-Exempt Commercial Paper Program credit facility, and authorization for the president and chief executive officer or his designee to negotiate and execute certain related agreements, including through an amendment to the Amended and Restated Letter of Credit Reimbursement Agreement among LCRA; LCRA Transmission Services Corporation (LCRA TSC); JPMorgan Chase Bank, National Association (JPMorgan Chase); and State Street Bank and Trust Company (State Street) or through a similar reimbursement agreement with either such banks individually and/or with other financial institutions, if acceptable terms cannot be reached with JPMorgan Chase and State Street (in each case, the Reimbursement Agreement) setting forth the terms and conditions governing the issuance of the direct-pay letter of credit securing the tax-exempt commercial paper program for LCRA TSC for a term of three to five years and in the amount of \$150 million.
- 24-03 Adoption of a resolution authorizing the use of the power of eminent domain in Gillespie and Kendall counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the LCRA Broadband Program project to provide, on behalf of LCRA and at LCRA's expense, for communications and to facilitate broadband services on the Peach to Headwaters (T288) and Kendall to Fredericksburg (T120) transmission lines.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Jan. 24, 2024

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 9:06 a.m. Wednesday, Jan. 24, 2024, 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 following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair
Michael L. "Mike" Allen
Matthew L. "Matt" Arthur
Melissa K. Blanding
Joseph M. "Joe" Crane
Carol Freeman
Thomas L. "Tom" Kelley
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann
Nancy Eckert Yeary

Absent: Robert "Bobby" Lewis

Chair Timmerman convened the meeting at 9:06 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

There were no public comments during the meeting [Agenda Item 1].

Treasurer and Chief Financial Officer Jim Travis presented financial highlights for LCRA TSC covering December 2023 and the fiscal year to date [Agenda Item 2].

The Board next took action on the consent agenda.

24-01 Upon motion by Director Whitten, seconded by Director Yeary, the Board unanimously approved the minutes of the Dec. 12, 2023, meeting [Consent Item 3] by a vote of 13 to 0.

24-02 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit A], that the Board request and approve the adoption by LCRA of the Forty-third Supplemental

Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing a \$150 million Transmission Services Tax-Exempt Commercial Paper Program credit facility, and authorize the president and chief executive officer or his designee to negotiate and execute certain related agreements, including through an amendment to the Amended and Restated Letter of Credit Reimbursement Agreement among LCRA; LCRA Transmission Services Corporation (LCRA TSC); JPMorgan Chase Bank, National Association (JPMorgan Chase); and State Street Bank and Trust Company (State Street) or through a similar reimbursement agreement with either such banks individually and/or with other financial institutions, if acceptable terms cannot be reached with JPMorgan Chase and State Street (in each case, the Reimbursement Agreement) setting forth the terms and conditions governing the issuance of the direct-pay letter of credit securing the tax-exempt commercial paper program for LCRA TSC for a term of three to five years and in the amount of \$150 million. Upon motion by Director Allen, seconded by Director Blanding, the recommendation was unanimously approved by a vote of 13 to 0.

24-03 Vice President of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 5 – Acquisition of Interests in Real Property – Use of Eminent Domain in Gillespie and Kendall counties [attached hereto as Exhibit B]. Director Yeary moved, seconded by Vice Chair Cooper, 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 easement rights for the LCRA Broadband Program project to provide, on behalf of LCRA and at LCRA’s expense, for communications and to facilitate broadband services on the Peach to Headwaters (T288) and Kendall to Fredericksburg (T120) transmission lines; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 13 to 0.

There being no further business to come before the Board, the meeting was adjourned at 9:21 a.m.

Leigh Sebastian
Secretary
LCRA Transmission Services Corporation

Approved: Feb. 21, 2024

FOR ACTION

3. Capital Improvement Projects Approval

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the projects and associated lifetime budgets as described in exhibits A and B.

Board Consideration

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million.

Budget Status and Fiscal Impact

- All projects recommended for Board approval are within the total annual budget approved in the fiscal year 2024 capital plan.
- Staff will monitor the FY 2024 forecast and request a fiscal year budget increase if needed.
- The treasurer and chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

Summary

Staff recommends approval of the capital projects described in exhibits A and B. These projects meet legal requirements in the Public Utility Regulatory Act and PUC rules.

Project funds will pay for activities, including but not limited to project management, engineering, materials acquisition, construction and acquisition of necessary land rights. LCRA TSC representatives will perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

Presenter(s)

Kristian M. Koellner
Vice President, Transmission Asset Optimization

Exhibit(s)

A – Project Cost Estimates and Cash Flow
B – Project Details

EXHIBIT A

Project Cost Estimates and Cash Flow

Dollars in millions

Project Name	FY 2023 and Prior	FY 2024	FY 2025	FY 2026	FY 2027	Lifetime
Service Reliability Projects						
Physical Security – FY 2024 Substation Upgrade	0.1	0.8	5.3	-	-	6.2
System Capacity Projects						
Hueco Springs Easement Acquisition System Upgrade	-	1.2	0.2	-	-	1.4
Total	0.1	2.0	5.5	-	-	7.6

EXHIBIT B

<h3>Project Details</h3>

Project Name: Physical Security – FY 2024 Substation Upgrade

Project Number: 1028811

Lifetime Budget: \$6.2 million

Description: This project is part of a multiyear effort to implement physical security measures at four LCRA TSC substation sites. This phase will include improvements at substations in Kerr, Pecos, Travis and Williamson counties. The project scope includes installing telecommunications equipment, sensors, cameras and physical safety equipment such as fencing, gates and cabinets for equipment at multiple substations. The recommended project completion date is June 30, 2025.

Project Name: Hueco Springs Easement Acquisition System Upgrade

Project Number: 1031375

Lifetime Budget: \$1.4 million

Description: The project will acquire property rights for the Hueco Springs Substation Addition project in Comal County. The project scope includes parcel and easement mapping related to property rights requirements for Hueco Springs Substation, which will provide a new point of interconnection on the LCRA TSC-owned Comal to Henne 138-kilovolt transmission line. LCRA TSC Board Policy T401 – Land Resources requires Board authorization for any land rights acquisition with a purchase price exceeding \$600,000. Based on available appraisal information, LCRA TSC staff expects the acquisition price for the property rights to exceed \$600,000 and seeks approval to acquire the necessary property rights at an amount of more than \$600,000. The recommended project completion date is Dec. 31, 2024.

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