

LCRA Transmission Services Corporation

Board Agenda

Tuesday, March 26, 2024
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 10 a.m.

Item From the Chair

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Consent Items

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3. Capital Improvement Projects Approval 9

Executive Session

1. Legal Advice Regarding Transmission Cost of Service Rate Case for LCRA Transmission Services Corporation
2. Legal Advice on Pending and Anticipated Litigation, Claims and Settlements
3. Legal Advice on Legal Matters

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.

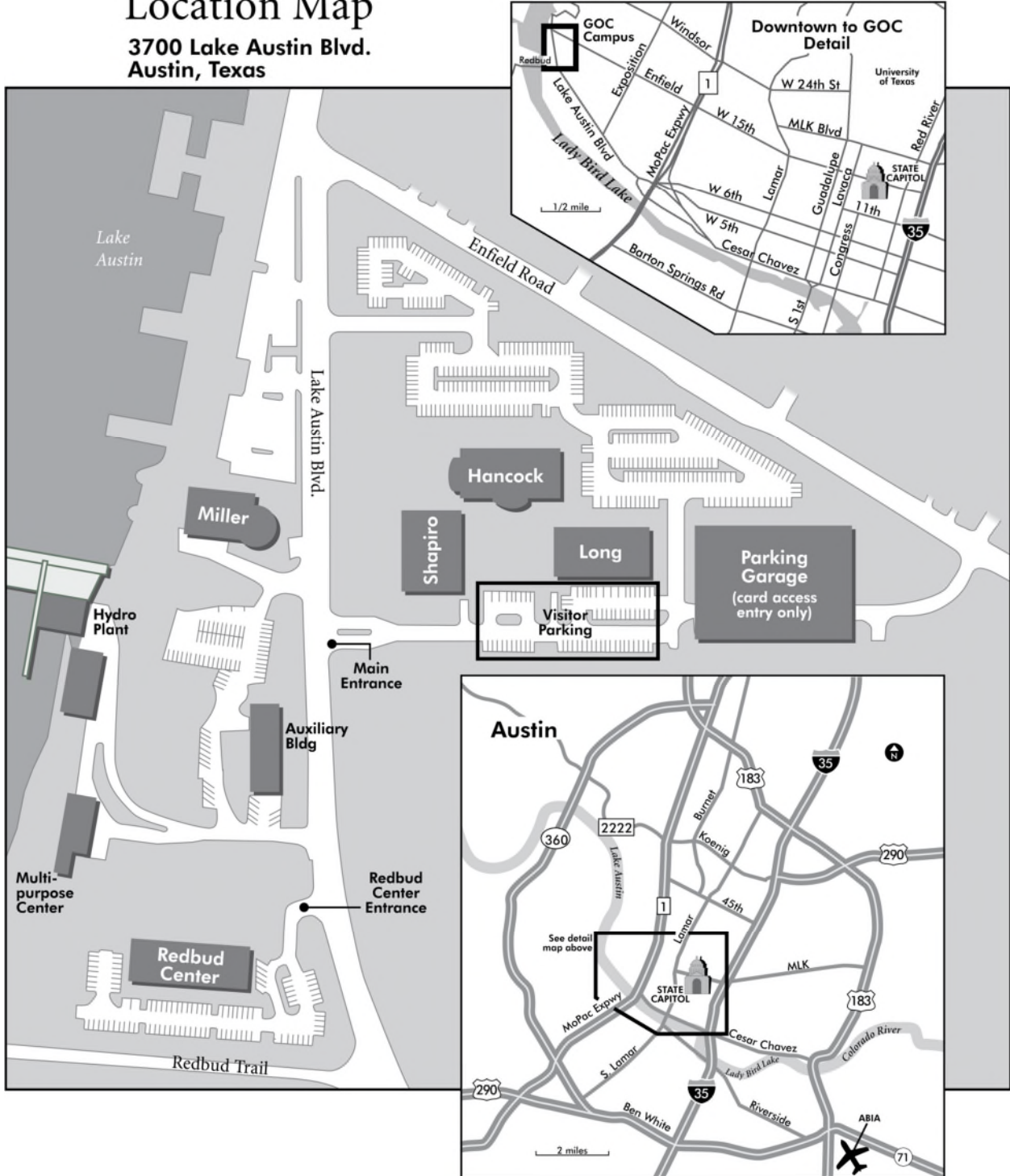
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and 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 Feb. 21, 2024, Board 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 Feb. 21, 2024, Board meeting

EXHIBIT A

LCRA Transmission Services Corporation
Board of Directors Minutes Digest
Feb. 21, 2024

- 24-04 Approval of the minutes of the Jan. 24, 2024, Board meeting.

- 24-05 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Physical Security – FY 2024 Substation Upgrade and Hueco Springs Easement Acquisition System Upgrade.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Feb. 21, 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 11:19 a.m. Wednesday, Feb. 21, 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
Carol Freeman
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane

Chair Timmerman convened the meeting at 11:19 a.m.

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

The Board next took action on the consent agenda.

24-04 Upon motion by Director Arthur, seconded by Director Yeary, the Board unanimously approved the minutes of the Jan. 24, 2024, Board meeting [Consent Item 2] by a vote of 13 to 0.

24-05 Vice President and Chief Operating Officer Kristen Senechal and Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit A], that the Board approve the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Physical Security – FY 2024 Substation Upgrade and Hueco Springs Easement Acquisition

System Upgrade. Upon motion by Vice Chair Cooper, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 13 to 0.

There being no further business to come before the Board, the meeting was adjourned at 11:24 a.m.

Leigh Sebastian
Secretary
LCRA Transmission Services Corporation
Approved: March 26, 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 will 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 service reliability and system capacity 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						
FPP Yard 2-Lytton Springs Easement Enhancement System Upgrade	-	0.6	1.7	1.8	-	4.1
Substation VoIP Network – FY 2023 Telecommunications Upgrade	0.4	0.7	0.6	-	-	1.7
System Capacity Projects						
Yarrington Substation Addition	-	1.3	13.2	-	-	14.5
Total	0.4	2.6	15.5	1.8	-	20.3

EXHIBIT B

Project Details

Project Name: Fayette Power Project Yard 2-Lytton Springs Easement Enhancement System Upgrade

Project Number: 1031376

Lifetime Budget: \$4.1 million

Description: The project will acquire new and amend existing transmission line easements to help ensure the safe and efficient operation of the LCRA TSC transmission system. The project scope includes performing parcel and easement surveys followed by the purchase or amendment of easements on the 61-mile FPP Yard 2-Lytton Springs 345-kilovolt transmission line in Bastrop, Caldwell and Fayette counties. The recommended project completion date is June 30, 2026.

Project Name: Substation VoIP Network – FY 2023 Telecommunications Upgrade

Project Number: 1027144

Lifetime Budget: \$1.7 million

Description: The project will improve facility connectivity at more than 100 sites across the LCRA TSC service territory. The project scope includes upgrading the telephone system transport mechanism and upgrading the call management systems at LCRA TSC's System Operations Control Center and Back-Up Control Center. The recommended project completion date is June 30, 2025.

Project Name: Yarrington Substation Addition

Project Number: 1029129

Lifetime Budget: \$14.5 million

Description: The project will provide a new transmission point of interconnection to serve Pedernales Electric Cooperative. The LCRA TSC scope of work includes building Yarrington Substation in Hays County to include infrastructure needed to connect the new substation to the Canyon to Goforth 138-kV transmission line. The recommended project completion date is Dec. 31, 2024.

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