

LCRA Transmission Services Corporation

Board Agenda

Wednesday, Feb. 19, 2025

LCRA General Office Complex
Board Room – Hancock Building

3700 Lake Austin Blvd.

Austin, TX 78703

Earliest start time: noon

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***This agenda item requires the approval of at least 12 members of the Board.**

Executive Session

1. Legal Advice on Pending and Anticipated Litigation, Claims and Settlements
2. 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.

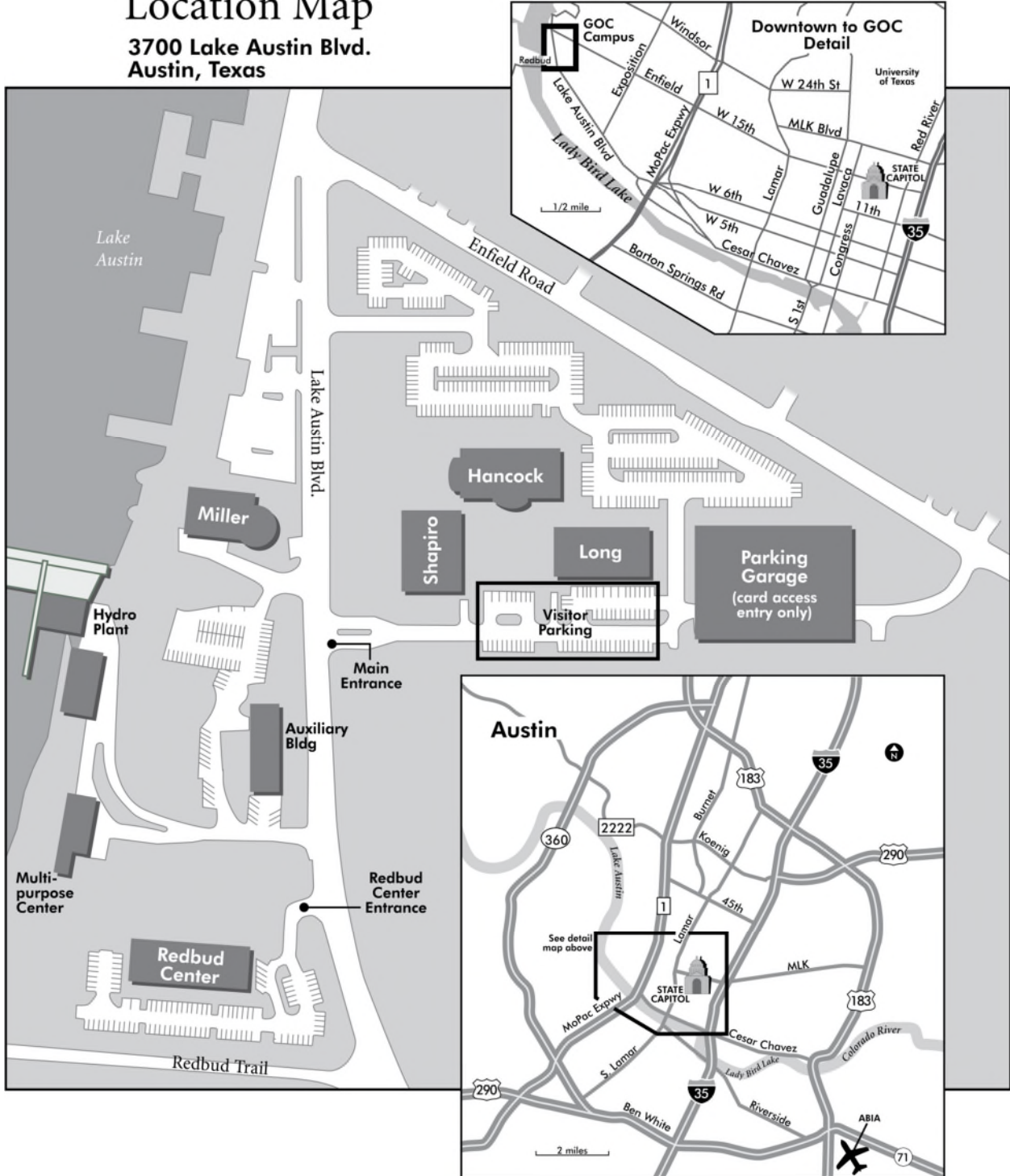
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and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

Proposed Motion

Appoint Kristian M. Koellner as vice president and chief operating officer of LCRA Transmission Services Corporation effective immediately.

Board Consideration

Sections 4.01 and 4.05 of the LCRA TSC bylaws require the Board of Directors to appoint a vice president who shall be the chief operating officer.

Budget Status and Fiscal Impact

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

Summary

The LCRA TSC bylaws require that the vice president and chief operating officer be an officer or employee of LCRA. Kristian M. Koellner was named executive vice president and chief operating officer of Transmission for LCRA effective Feb. 15. LCRA TSC's practice has been to appoint officers of LCRA TSC who hold similar positions for LCRA.

FOR ACTION (CONSENT)

3. Conveyance of Easement in Schleicher County

Proposed Motion

Authorize the president and chief executive officer or his designee to convey an approximately 20-foot-wide electric easement to Southwest Texas Electric Cooperative Inc. across a portion of LCRA Transmission Services Corporation's Big Hill Substation in Schleicher County.

Board Consideration

LCRA TSC Board Policy T401 – Land Resources requires the declaration, terms of conveyance and requests for easements across LCRA TSC land to be approved by a three-fourths vote of the membership of the LCRA TSC Board of Directors.

Budget Status and Fiscal Impact

The fiscal year 2025 LCRA TSC business plan contains the administrative costs associated with the conveyance of this easement.

Summary

LCRA TSC acquired the 44.77-acre Big Hill Substation in 2010. LCRA's equipment building within the substation requires distribution electric power provided by Southwest Texas Electric Cooperative. The approximate easement area is shown on Exhibit B. The easement will authorize Southwest Texas Electric Cooperative to place distribution facilities within the easement. There will be no charge to Southwest Texas Electric Cooperative for the easement as the distribution power is required for the LCRA project.

LCRA TSC representatives will complete environmental and cultural resource due diligence in accordance with Board Policy T401.403 – Land Disposition prior to conveying the easement.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

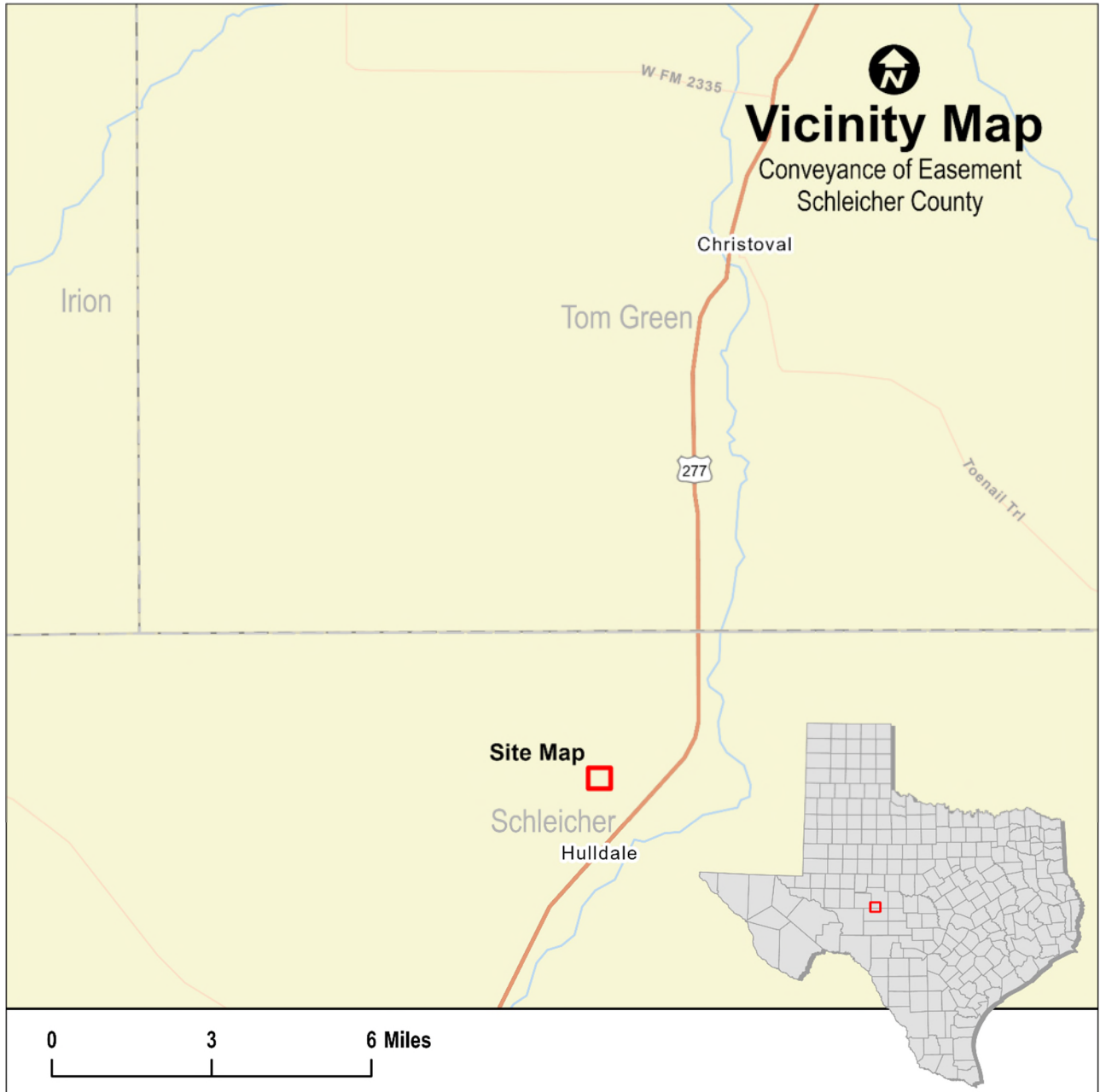
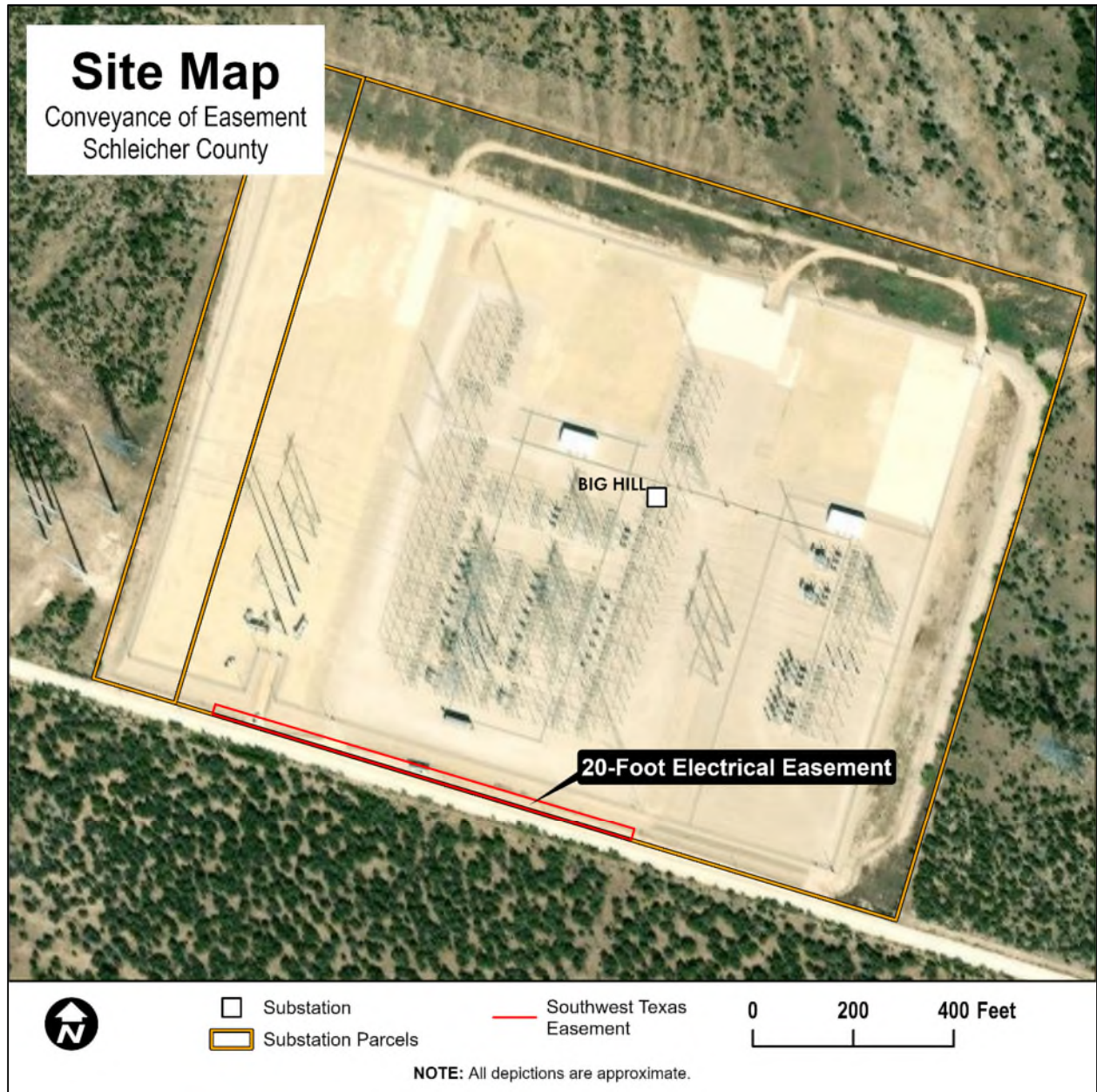


EXHIBIT B



FOR ACTION (CONSENT)

4. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Jan. 22, 2025, LCRA Transmission Services Corporation Board meeting.

Board Consideration

Section 4.06 of the LCRA TSC 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. 22, 2025, LCRA TSC Board meeting

EXHIBIT A

LCRA Transmission Services Corporation Board of Directors
Minutes Digest
Jan. 22, 2025

- 25-01 Approval of the minutes of the Dec. 10, 2024, LCRA Transmission Services Corporation Board meeting.
- 25-02 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Henne Bus Substation Upgrade and San Marcos Bus Substation Upgrade.
- 25-03 Adoption of a resolution authorizing the use of the power of eminent domain in Fayette, Bastrop and Caldwell counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Fayette Power Project Yard 2 to Lytton Springs Transmission Line Overhaul project to provide for the continued reliable transmission of electric energy on the FPP Yard 2 to Lytton Springs (T255) transmission line.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Jan. 22, 2025

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 9:03 a.m. Wednesday, Jan. 22, 2025, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

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

Absent: Timothy Timmerman, Chair

Vice Chair Cooper convened the meeting at 9:03 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

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

Treasurer and Chief Financial Officer Jim Travis presented financial highlights for LCRA TSC covering December 2024 and the fiscal year to date [Agenda Item 2].

The Board next took action on the consent agenda.

25-01 Upon motion by Director Voelter, seconded by Director Whitten, the Board unanimously approved the minutes of the Dec. 10, 2024, LCRA TSC Board meeting [Consent Item 3] by a vote of 13 to 0.

25-02 Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit A], that the Board approve the Capital Improvement Project

Authorization Request for the following projects and associated lifetime budgets: Henne Bus Substation Upgrade and San Marcos Bus Substation Upgrade. Upon motion by Director Willmann, seconded by Director Freeman, the recommendation was unanimously approved by a vote of 13 to 0.

25-03 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 Fayette, Bastrop and Caldwell counties [attached hereto as Exhibit B]. Director Yeary moved, seconded by Director Lewis, 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 Fayette Power Project Yard 2 to Lytton Springs Transmission Line Overhaul project to provide for the continued reliable transmission of electric energy on the FPP Yard 2 to Lytton Springs (T255) transmission line; 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.

Vice Chair Cooper declared the meeting to be in executive session at 9:19 a.m. pursuant to sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code. Executive session ended, and Vice Chair Cooper declared the meeting to be in public session at 9:46 a.m.

There being no further business to come before the Board, the meeting was adjourned at 9:46 a.m.

Leigh Sebastian
Secretary
LCRA Transmission Services Corporation
Approved: Feb. 19, 2025

FOR ACTION

5. 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 LCRA TSC 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 2025 capital plan.
- Staff will monitor the FY 2025 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 and Chief Operating Officer

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 2024 and Prior	FY 2025	FY 2026	FY 2027	FY 2028	Lifetime
Service Reliability Projects						
Citgo North Oak Park-Nueces Bay Transmission Line Overhaul	0.3	1.4	-	-	-	1.7
Remote Terminal Unit – FY 2025 Substation Upgrade	0.1	0.6	1.8	-	-	2.5
System Capacity Projects						
Upton Load Circuit Breaker Addition	0.2	1.4	7.6	-	-	9.2
Total	0.6	3.4	9.4	0.0	0.0	13.4

EXHIBIT B

<h3>Project Details</h3>

Project Name: Citgo North Oak Park to Nueces Bay Transmission Line Overhaul

Project Number: 1027276

Lifetime Budget: \$1.7 million

Description: The project will increase the reliability of the Citgo North Oak Park to Nueces Bay transmission line in Nueces County. The scope of work includes servicing cable terminators and replacing arresters and associated enclosures at the Citgo North Oak Park and Nueces Bay substations. The recommended project completion date is May 15, 2025.

Project Name: Remote Terminal Unit – FY 2025 Substation Upgrade

Project Number: 1030781

Lifetime Budget: \$2.5 million

Description: The project will replace the remote terminal unit devices at 11 substations across the LCRA TSC service area. The project scope is intended to minimize the risk of equipment failures. The recommended project completion date is May 15, 2026.

Project Name: Upton Load Circuit Breaker Addition

Project Number: 1029737

Lifetime Budget: \$9.2 million

Description: The project will increase the load-serving capability of the Upton Substation in Upton County by upgrading the bus configuration and providing a point of interconnection for Oncor. The scope of work includes installing circuit breakers, switches and other supporting equipment. The recommended project completion date is May 15, 2026.

FOR ACTION

6. Authorize the LCRA Transmission Contract Revenue Notes Series F, and Authorize a Note Purchase Agreement and Related Agreements

Proposed Motion

Request and approve the adoption by LCRA of the Forty-eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize the LCRA Transmission Contract Revenue Notes, Series F and Taxable Series F (collectively, Series F Notes), and a note purchase agreement (Series F Agreement) among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and Frost Bank (the Bank) for the Series F Notes for a term not to exceed four years, and authorize the president, chief executive officer or treasurer to negotiate and execute such Series F Agreement and any related documents, setting forth the terms and conditions governing the issuance of the Series F Notes in an amount up to \$100 million, and authorize any other necessary agreements.

Board Consideration

The Forty-eighth Supplemental Resolution to the existing Controlling Resolution requires Board approval. The Series F Agreement complies with the covenants of the LCRA Controlling Resolution, the Forty-eighth Supplement that authorizes up to \$100 million for the Series F Notes, and with LCRA TSC Board Policy T301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions.

Budget Status and Fiscal Impact

Staff anticipates the Series F Notes and the Series F Agreement will allow LCRA to issue private bank debt on behalf of LCRA TSC to finance the construction of facilities, refund debt and delay the issuance of long-term bonds, which have higher interest rates in the current market. Staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued. The proposed fees for this facility are in line with current market pricing.

Summary

Staff recommends the Board request, consent and approve the adoption of the Forty-eighth Supplemental Resolution authorizing the president, chief financial officer or treasurer to negotiate and execute the Series F Agreement and other related documents.

In connection with the increase of the program size of the Series C Notes discussed below, LCRA and LCRA TSC in 2021 repealed and extinguished the prior LCRA Transmission Contract Revenue Notes, Series F. The Forty-eighth Supplement reestablishes the Series F Notes.

LCRA, as the conduit issuer for LCRA TSC, currently has authorized LCRA TSC to borrow from a \$150 million tax-exempt commercial paper program with JPMorgan Chase Bank, a \$200 million private placement Series C Notes program with Bank of America and a \$100 million private placement Series E Notes program with U.S. Bank.

Staff now seeks to enter into a new \$100 million Series F Notes program with the Bank. Each Series F Note issued will have a maximum one-year term.

The note purchases by the Bank will allow LCRA TSC to fund project costs and refund other LCRA TSC debt in a similar manner to the existing commercial paper and revolving note programs; however, the direct purchase facilities with the Bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt.

The Series F Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25% of the total long-term debt and total equity of LCRA TSC).

A supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secures the Series F Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

Presenter(s)

Jim Travis

Treasurer and Chief Financial Officer

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