

LCRA Transmission Services Corporation

Board Agenda

Wednesday, Jan. 28, 2026
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 11:30 a.m.

Item From the Chair

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Item From the Chief Financial Officer

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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.

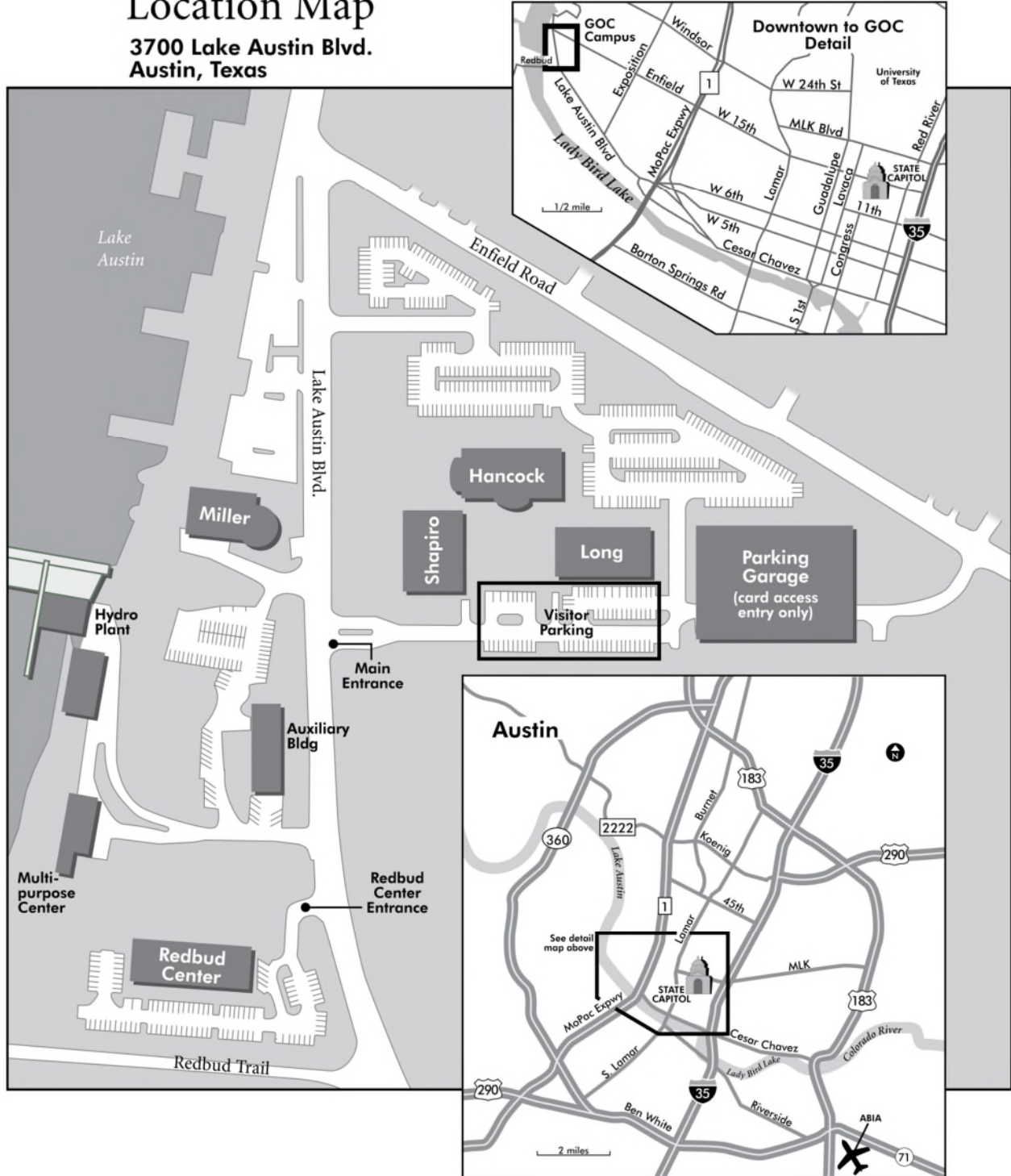
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and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



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 DISCUSSION

2. Financial Report

Summary

Staff will present financial highlights for LCRA Transmission Services Corporation covering the fiscal year to date.

Presenter(s)

Jim Travis
Treasurer and Chief Financial Officer

LCRA Transmission Services Corporation
Financial Highlights
December 2025

LCRA Transmission Services Corporation

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Key term:

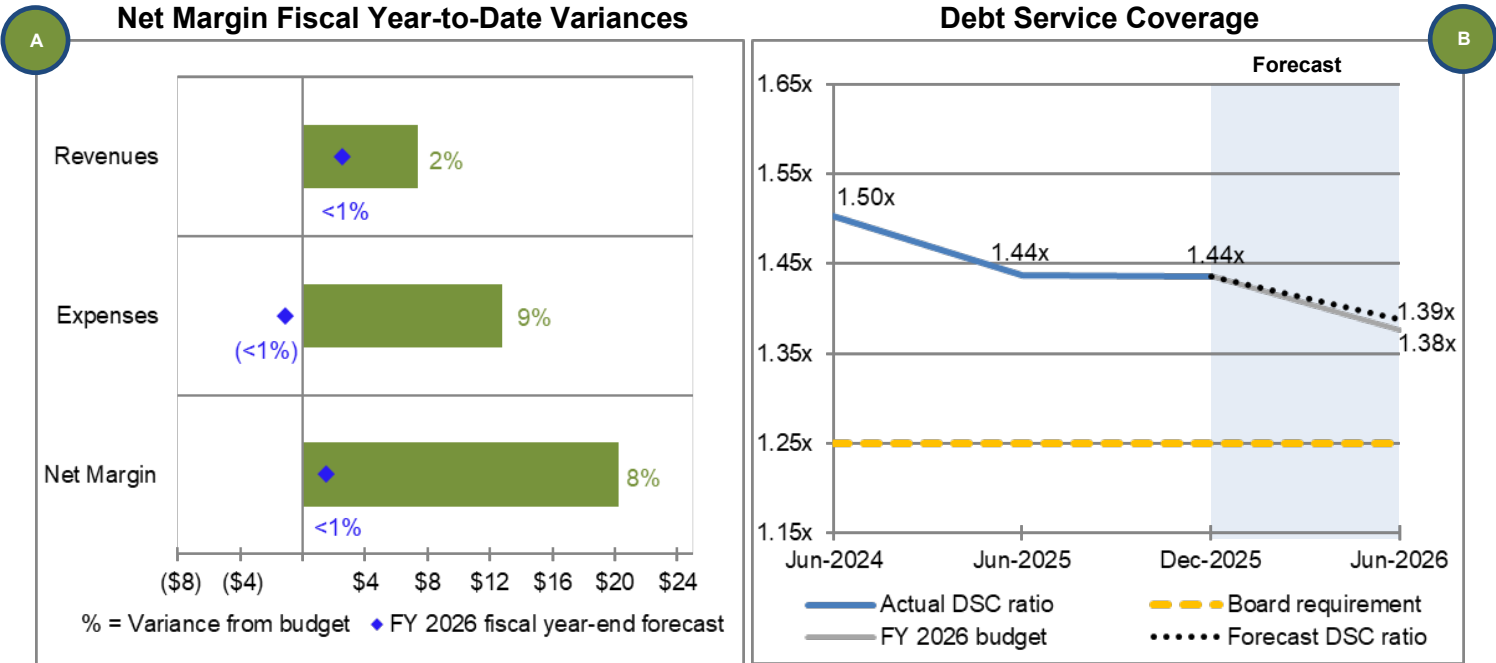
Net margin – Total operating revenues, including interest income, less direct and assigned expenses.

LCRA Transmission Services Corporation

Dec. 31, 2025

(Dollars in Millions)

Budget-to-Actual Highlights



Key takeaways:

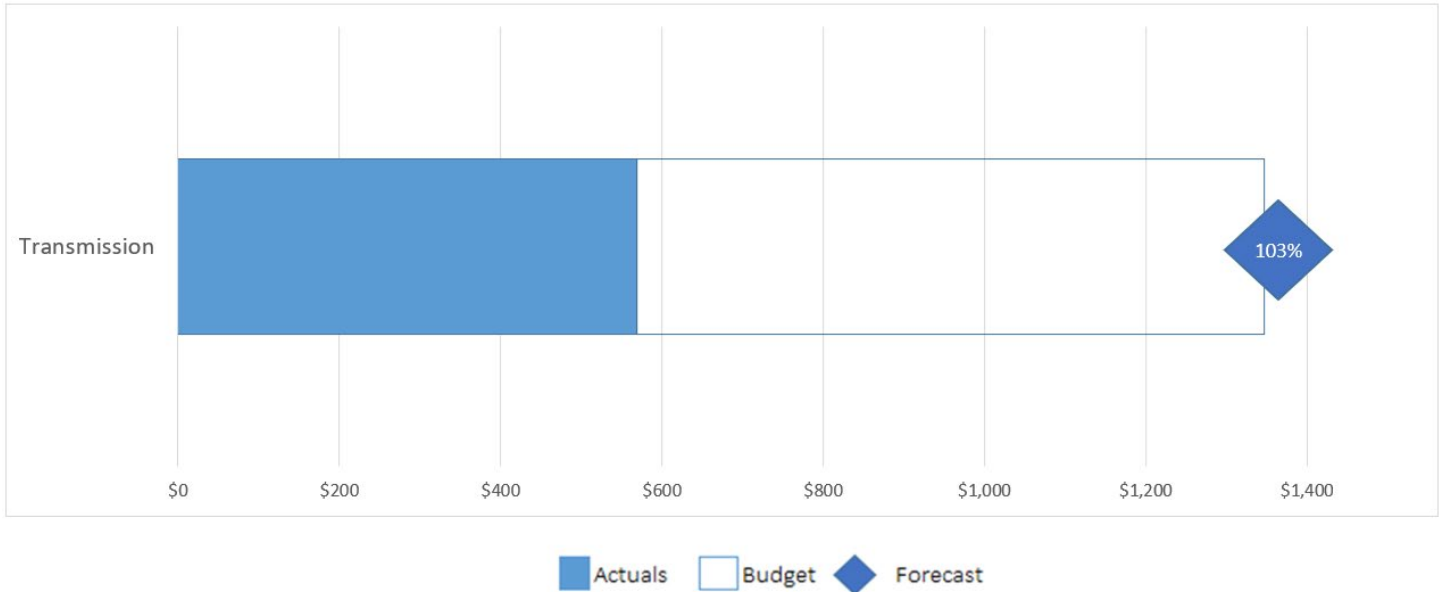
- Higher-than-budgeted interest income drove the year-to-date revenue variance. Higher-than-budgeted interest income and other revenues, partially offset by lower-than-budgeted cost of service revenues due to lower billing units, primarily drove the year-end revenue forecast variance.
- Lower-than-budgeted assigned enterprise expenses, labor and transportation expenses primarily drove the year-to-date expense variance. Higher-than-budgeted outside services and other expenses, partially offset by lower-than-budgeted transportation, labor and miscellaneous expenses, primarily drove the year-end forecast expense variance.
- The debt service coverage ratio is forecast to be slightly higher than budgeted primarily due to lower-than-budgeted debt service.

LCRA Transmission Services Corporation

Dec. 31, 2025

(Dollars in Millions)

Capital Forecast



Key takeaways:

- LCRA TSC currently is projecting capital spending for FY 2026 will be about \$40 million more than the capital plan budget of \$1.35 billion.
- The variance primarily is driven by increased estimates, schedule changes on projects and the addition of projects that were not included in the FY 2026 business and capital plans. Staff will monitor the forecast and will request a fiscal year budget increase if needed.

President and CEO project approvals:

- For any project not previously authorized by the Board, authority is delegated to the president and CEO to approve any capital project with a lifetime budget not to exceed \$1.5 million, according to LCRA TSC Board Policy T301 – Finance. Additionally, the LCRA TSC Board delegated authority to the CEO to approve all capital projects associated with generation interconnection projects not previously authorized by the Board and 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.

The president and CEO approved three budget resets for capital projects this quarter:

- Caldwell Substation Addition from \$17.8 million to \$23.1 million.
- Doss to Headwaters Transmission Line Overhaul from \$29.5 million to \$34.5 million.
- Transmission Structure Restoration System Upgrade from \$2.6 million to \$3.8 million.

The president and CEO approved eight new projects this quarter:

- Concho River Substation Addition for \$33.6 million.
- Pastor Substation Addition for \$57.6 million.
- Spanish Oak Circuit Breaker Addition for \$1.5 million.
- Substation Underground Fiber – FY2026 Telecommunications Upgrade for \$1.3 million.
- Substation VoIP Network – FY 2025 Telecommunications Upgrade for \$600,000.
- System Operations Control Center Room 145 Facilities Upgrade for \$900,000.
- Transport Network Power – FY2026 Telecommunications Upgrade for \$1.2 million.
- Wolf Lane to Wyldwood Easement Enhancement System Upgrade for \$1.3 million.

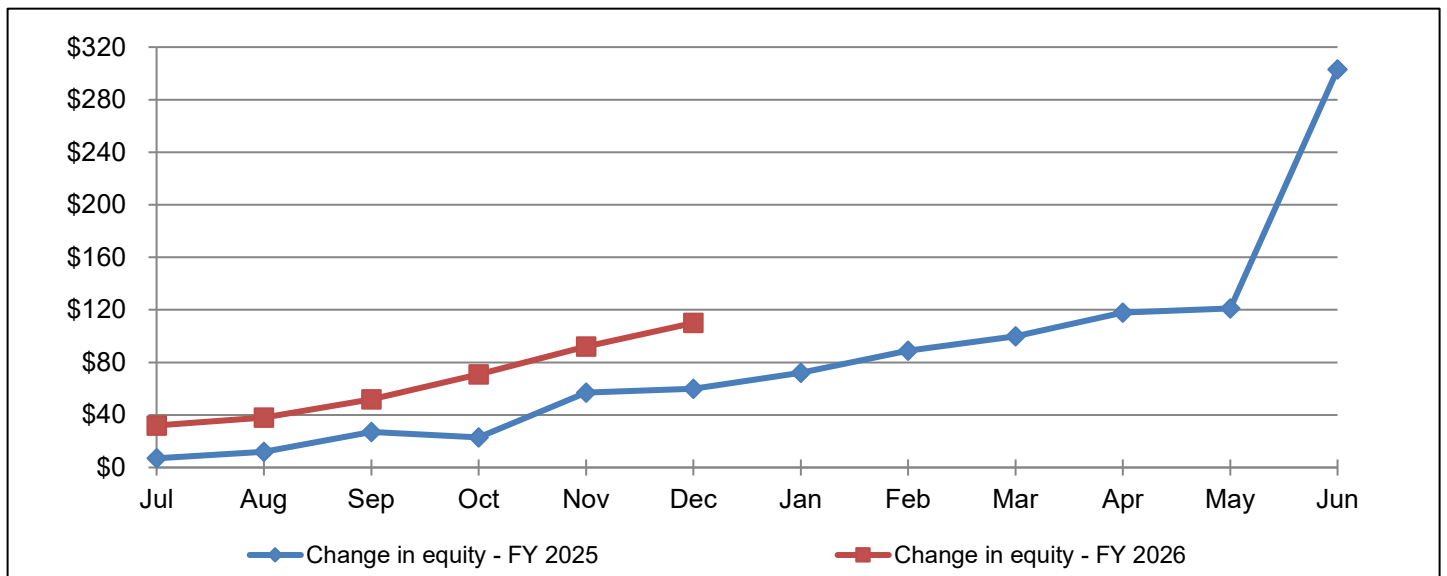
LCRA Transmission Services Corporation

Dec 31, 2025
(Dollars in Millions)

Board Metrics

Board Metric	Description	Compliant
Equity Ratio	LCRA TSC will build equity that will maintain appropriate access to capital markets and is consistent with regulatory guidance. While LCRA TSC may be highly leveraged during periods of rapid growth, LCRA TSC business plans will specifically address the accumulation of equity to achieve and maintain a minimum long-term equity position of 20%.	✓
Debt Service Reserves	LCRA TSC will covenant debt service reserves in the amount of six months of maximum annual debt service requirements on outstanding debt. Debt service reserves may be collected through rates or met with proceeds from additional debt or through the use of a surety to mitigate rate impacts.	✓
Operating Reserves	LCRA TSC will build and maintain appropriate target levels of operating reserves as follows: six months of average debt service on all outstanding LCRA TSC debt and other obligations to LCRA; and two months of average operating and maintenance expenses, including those billed by LCRA. If at any time the reserves are less than the target levels set forth in this policy, the Board will promptly implement a plan, to be recommended by staff, to increase rates, reduce costs or otherwise cause there to be sufficient revenues to replenish the reserves to such target levels within 12 months.	✓

Net Income Trends Cumulative Fiscal Year to Date



Key takeaway:

- Net income increased compared with the prior year primarily due to an increase in transmission revenue and a decrease in regulatory expense. The increase in transmission revenue was due to an increase in rates. The decrease in regulatory expense was due to the discontinuation of accounting for regulated operations related to depreciation expense at the end of FY 2025.

LCRA Transmission Services Corporation

Dec. 31, 2025

(Dollars in Millions)

Condensed Statements of Net Position

	Dec. 31, 2025	Dec. 31, 2024
Assets		
Cash and cash equivalents - unrestricted	\$ 376	\$ 212
Current assets	240	356
Total current assets	616	568
Cash and cash equivalents - restricted	1	-
Capital assets	5,923	5,057
Noncurrent assets	479	399
Total noncurrent assets	6,403	5,456
Total Assets	\$ 7,019	\$ 6,024
Liabilities		
Bonds and notes payable	\$ 385	\$ 284
Current liabilities	275	229
Total current liabilities	660	513
Bonds and notes payable	4,868	4,213
Noncurrent liabilities	63	223
Total noncurrent liabilities	4,931	4,436
Equity		
Total equity	1,428	1,075
Total Liabilities and Equity	\$ 7,019	\$ 6,024

Key takeaway:

- Assets and liabilities are trending higher compared with December 2024 due to construction activities related to the capital plan.

LCRA Transmission Services Corporation

Dec. 31, 2025

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year	
	2026	2025
Operating Revenues		
Transmission	\$ 376	\$ 339
Transformation	12	10
Other	6	23
Total Operating Revenues	394	372
Operating Expenses		
Operations and maintenance	112	118
Depreciation and amortization	71	75
Total Operating Expenses	183	193
Operating Income	211	179
Nonoperating Expenses		
Interest on debt	(90)	(76)
Other nonoperating expenses	(11)	(43)
Total Nonoperating Expenses	(101)	(119)
Change in Equity	110	60
Equity - Beginning of Period	1,318	1,015
Equity - End of Period	\$ 1,428	\$ 1,075

LCRA Transmission Services Corporation

Dec. 31, 2025

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year	
	2026	2025
Cash Flows From Operating Activities		
Received from customers	\$ 418	\$ 367
Payments	(145)	(156)
Net cash provided by operating activities	273	211
Cash Flows From Noncapital Financing Activities	(21)	(20)
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(543)	(350)
Other capital and financing activities	443	231
Net cash used in capital and financing activities	(100)	(119)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	116	60
Purchase of investment securities	(160)	(158)
Note payments and interest received	10	11
Net cash used in investing activities	(34)	(87)
Net Increase (Decrease) in Cash and Cash Equivalents	118	(15)
Cash and Cash Equivalents - Beginning of Period	259	227
Cash and Cash Equivalents - End of Period	\$ 377	\$ 212

LCRA Transmission Services Corporation

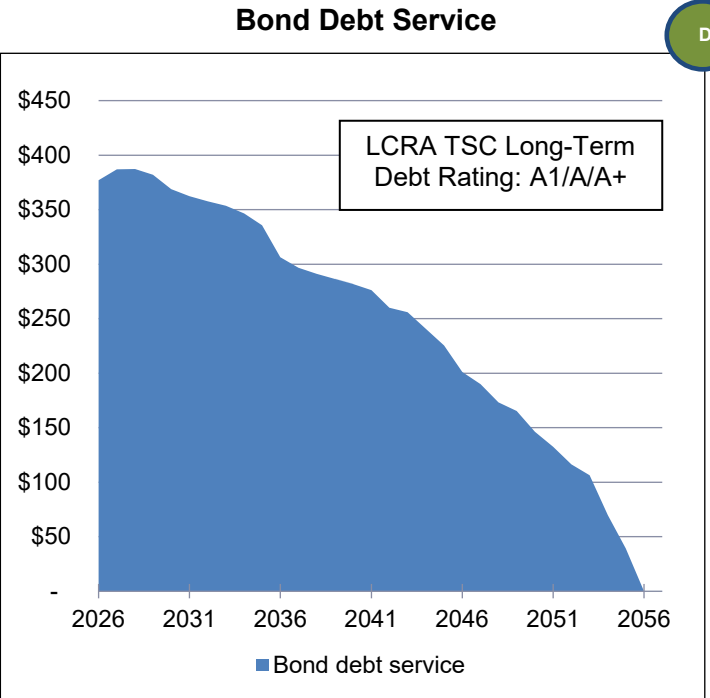
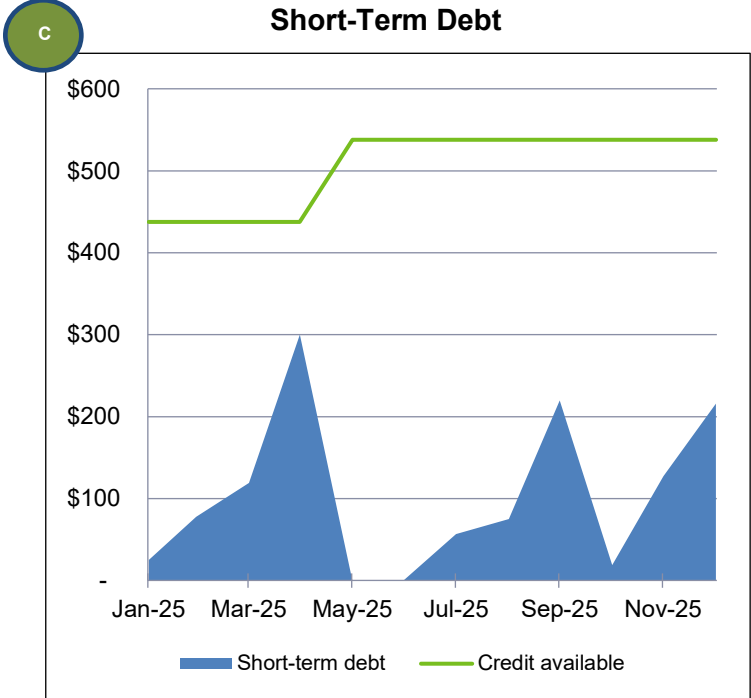
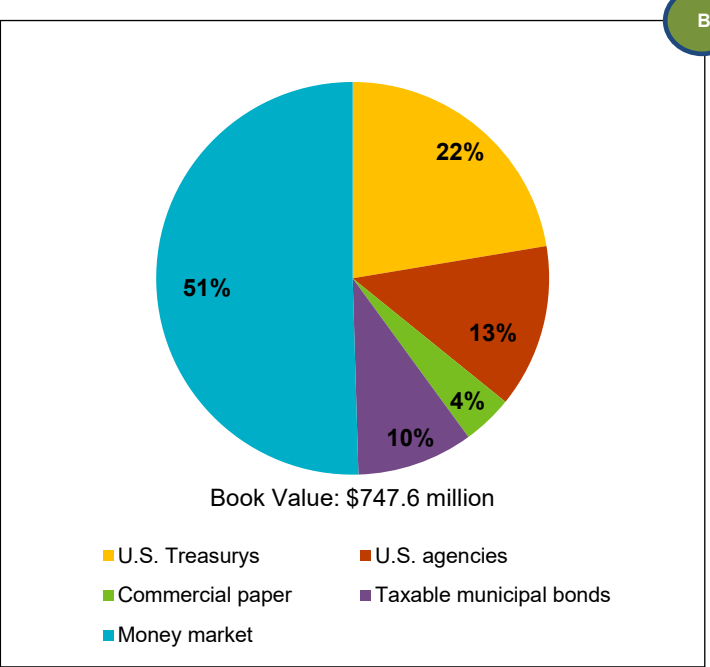
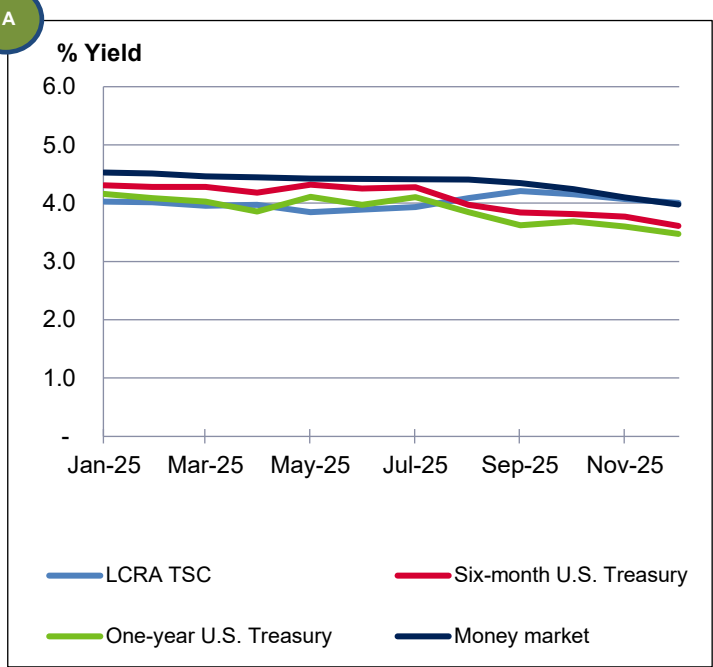
Dec. 31, 2025

(Dollars in Millions)

Investments and Debt

Investment Portfolio Yield

Investment Portfolio Composition



Key takeaways:

- The Federal Open Market Committee lowered its target range by one-fourth percent at its December 2025 meeting.
- The federal funds rate range is 3.5%-3.75%.
- The Core Consumer Price Index (year over year) as of November 2025 was 2.6%.

FOR ACTION (CONSENT)

3. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Dec. 9, 2025, LCRA Transmission Services Corporation Board of Directors meeting.

Board Consideration

Section 4.06 of the LCRA TSC bylaws requires the secretary to keep minutes of all meetings of the Board.

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 Dec. 9, 2025, LCRA TSC Board meeting

EXHIBIT A

LCRA Transmission Services Corporation Board of Directors
Minutes Digest
Dec. 9, 2025

- 25-45 Approval of the minutes of the Nov. 12, 2025, LCRA TSC Board meeting.
- 25-46 Approval of the adoption of the Fiftieth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project) in one or more series (Series of Bonds) in an aggregate amount not to exceed \$700 million for the following purposes: (i) current refunding of certain LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) current refunding of certain long-term Transmission Contract Debt; (iii) funding certain capital projects of LCRA TSC, if necessary; (iv) funding debt service reserve funds for any Series of Bonds; and (v) paying for issuance costs.
- 25-47 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Big Hill to Kendall Transmission Line Storm Hardening; Dalchau Service Center Building J Facilities Upgrade; Obsolete Network Interface Telecommunications Upgrade; Piney Creek to Plum Fiber Upgrade; Aviation Substation Property Acquisition; and Euclid Substation Property Expansion.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Dec. 9, 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 1:11 p.m. Tuesday, Dec. 9, 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, Chair
Martha Leigh M. Whitten, Vice Chair
Matthew L. "Matt" Arthur
Melissa K. Blanding
Thomas L. "Tom" Kelley
Aden Lasseter
Robert "Bobby" Lewis
Mark Mayo
Margaret D. "Meg" Voelter
David R. Willmann
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane
Curtis E. Ford
Carol Freeman

Chair Cooper convened the meeting at 1:11 p.m.

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

The Board next took action on the consent agenda.

25-45 Upon motion by Director Voelter, seconded by Director Yeary, the Board unanimously approved the minutes of the Nov. 12, 2025, LCRA TSC Board meeting [Consent Item 2] by a vote of 11 to 0.

25-46 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit A], that the Board approve the adoption of the Fiftieth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project) in one or more series (Series of Bonds) in an aggregate amount not to exceed \$700 million for the following purposes: (i) current refunding of certain LCRA Transmission Contract

Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) current refunding of certain long-term Transmission Contract Debt; (iii) funding certain capital projects of LCRA TSC, if necessary; (iv) funding debt service reserve funds for any Series of Bonds; and (v) paying for issuance costs.

This motion also will:

1. Approve related documents in substantially final form, including, if required, an escrow agreement, a paying agent/registrar agreement, a preliminary and final official statement, and a Transmission Contract Revenue Debt Installment Payment Agreement Supplement related to the Series of Bonds (Installment Payment Agreement Supplement). If the Bonds are determined to also fund capital projects of LCRA TSC, the Fiftieth Supplement authorizes “and Improvement” to be added to the name of the Bonds. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the president and chief executive officer and/or the treasurer and chief financial officer to:
 - a. Select all or a portion of LCRA TSC’s outstanding short-term debt to be refunded by the particular Series of Bonds and provide for appropriate notices of redemption/prepayment/defeasance;
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Series of Bonds;
 - c. Establish the terms of each Series of Bonds as provided in the Fiftieth Supplement (including issuing such bonds in one or more separate Series of Bonds, issuing the Series of Bonds as tax-exempt or taxable, principal amounts, maturity schedules, interest rates, redemption provisions and terms of any reserve funds);
 - d. Determine whether to fund certain capital projects of LCRA TSC with a Series of the Bonds in an amount not to exceed \$200 million; and
 - e. Approve the terms of the sale of each Series of Bonds to an underwriting team and execute a bond purchase agreement for such Series of Bonds.

Upon motion by Director Arthur, seconded by Director Willmann, the recommendation was unanimously approved by a vote of 11 to 0.

25-46 Senior Vice President of Transmission Asset Optimization Joshua Cole presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit B], that the Board approve the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Big Hill to Kendall Transmission Line Storm Hardening; Dalchau Service Center Building J Facilities Upgrade; Obsolete Network Interface Telecommunications Upgrade; Piney Creek to Plum Fiber Upgrade; Aviation Substation Property Acquisition; and Euclid Substation Property Expansion. Upon motion by Director Mayo, seconded by Director Yearly, the recommendation was unanimously approved by a vote of 11 to 0.

There being no further business to come before the Board, the meeting was adjourned at 1:28 p.m.

Leigh Sebastian
Secretary
LCRA Transmission Services Corporation

Approved: Jan. 28, 2026

FOR ACTION

4. 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 projected fiscal year 2026 expenditures for these projects are within the total annual budget approved in the FY 2026 capital plan.
- Staff will monitor the FY 2026 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 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)

Joshua Cole
Senior 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 2025 and Prior	FY 2026	FY 2027	FY 2028	FY 2029	Lifetime
Service Reliability Projects						
Mobile Substation – FY 2026 Power Transformer Addition	-	0.5	2.0	5.4	-	7.9
System Capacity Projects						
Alford Substation Addition	1.6	20.4	12.5	-	-	34.5
Total	1.6	20.9	14.5	5.4	-	42.4

EXHIBIT B

<h3>Project Details</h3>

Project Name: Mobile Substation – FY 2026 Power Transformer Addition

Project Number: 1034574

Lifetime Budget: \$7.9 million

Description: The project will add a new mobile substation to the LCRA TSC power transformer fleet to support the construction of the capital plan portfolio, provide relief to the mobile substation schedule and reduce the use of spare transformers for mobile substation applications. The demand for mobile transformers has greatly increased, and this project addresses the increased use. The recommended project completion date is June 30, 2028.

Project Name: Alford Substation Addition

Project Number: 1030379

Lifetime Budget: \$34.5 million

Description: The project will provide a point of interconnection by adding the Alford Substation in Upton County. The scope of work includes constructing a new 138-kilovolt substation and installing circuit breakers, structures and equipment necessary to interconnect with the nearby transmission lines. The recommended project completion date is Dec. 31, 2026.