

LCRA Transmission Services Corporation

Board Agenda

Wednesday, Feb. 23, 2022
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 Item

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Executive Session

1. New Environmental Requirements Discussion

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.

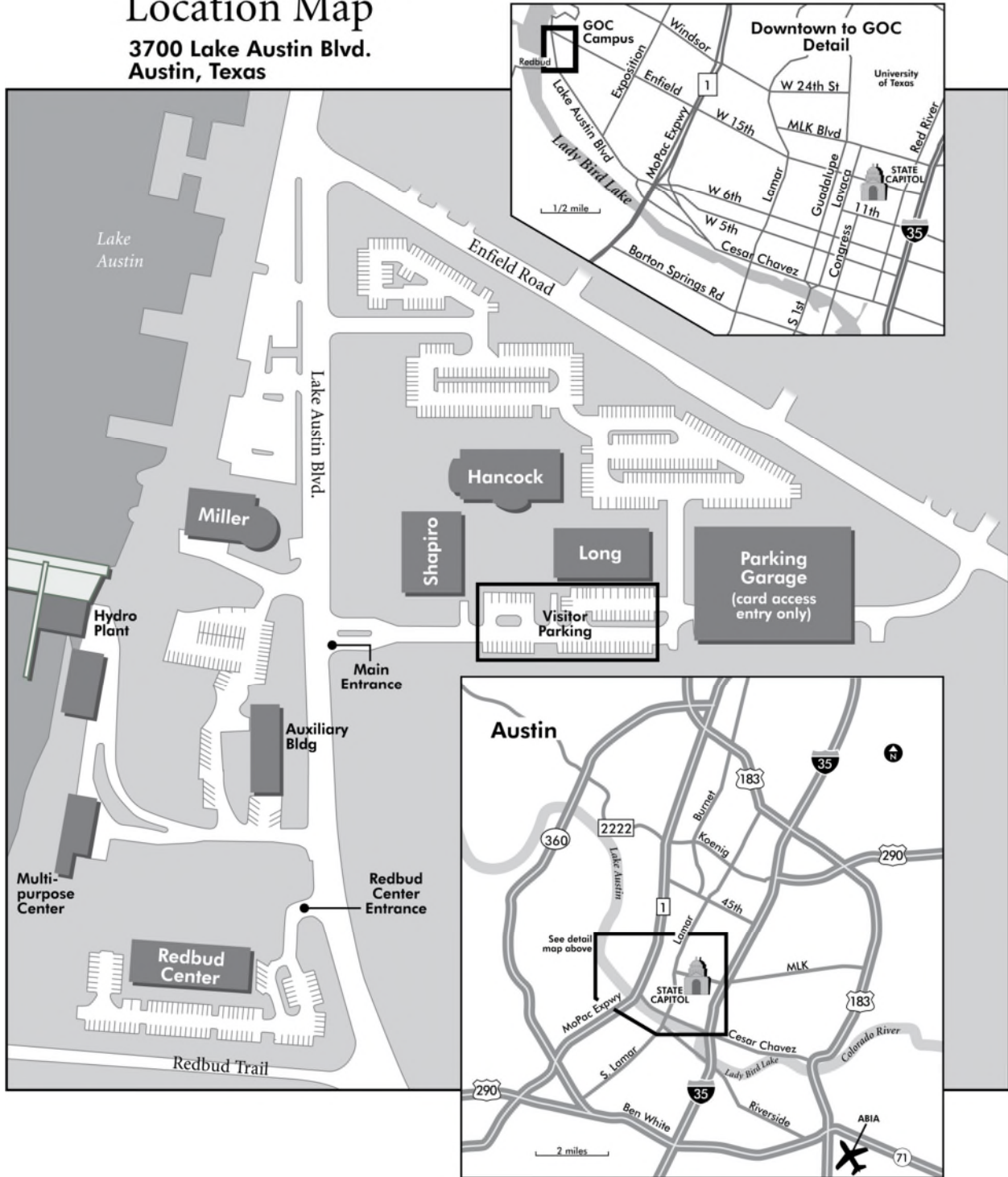
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and 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. 19, 2022, 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. 19, 2022, meeting

EXHIBIT A

Minutes Digest
Jan. 19, 2022

- 22-01 Approval of the minutes of the Dec. 14, 2021, meeting.
- 22-02 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Buchanan CTEC to Buchanan Transmission Line Overhaul; Circuit Switcher – FY 2022 Substation Upgrade; Harper Road to Jack Furman Transmission Line Storm Hardening; Instrument Transformer – FY 2022 Substation Upgrade; Lightning Protection Substation Upgrade; and Bakersfield to Big Hill Transmission Line Addition.
- 22-03 Approval of the adoption of the Thirty-ninth 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), Series 2022 (Bonds) in an amount not to exceed \$500 million for the following purposes: (i) current refunding of portions of the 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) currently refund certain outstanding long-term Transmission Contract Debt; (iii) funding debt service reserve funds for the Bonds; and (iv) paying for issuance costs.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Jan. 19, 2022

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 9:04 a.m. Wednesday, Jan. 19, 2022, 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
Laura D. Figueroa
Carol Freeman
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis [attended via videoconference]
Thomas Michael Martine
Margaret D. "Meg" Voelter [attended via videoconference]
Martha Leigh M. Whitten

Absent: Raymond A. "Ray" Gill Jr.
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 9:04 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].

Vice President and Chief Operating Officer Kristen Senechal gave the Board an update, marking the celebration of LCRA TSC's 20-year anniversary in January and highlighting LCRA TSC's investment in transmission projects over the last 20 years.

Chief Financial Officer Jim Travis presented financial highlights for LCRA TSC covering December 2021 and the fiscal year to date [Agenda Item 2].

The Board next took action on the consent agenda.

22-01 Upon motion by Director Whitten, seconded by Director Figueroa, the Board unanimously approved the minutes of the Dec. 14, 2021, meeting [Consent Item 3] by a vote of 13 to 0.

22-02 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: Buchanan CTEC to Buchanan Transmission Line Overhaul; Circuit Switcher – FY 2022 Substation Upgrade; Harper Road to Jack Furman Transmission Line Storm Hardening; Instrument Transformer – FY 2022 Substation Upgrade; Lightning Protection Substation Upgrade; and Bakersfield to Big Hill Transmission Line Addition. Upon motion by Director Crane, seconded by Director Figueroa, the recommendation was unanimously approved by a vote of 13 to 0.

22-03 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit B], that the Board approve the adoption of the Thirty-ninth 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), Series 2022 (Bonds) in an amount not to exceed \$500 million for the following purposes: (i) current refunding of portions of the 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) currently refund certain outstanding long-term Transmission Contract Debt; (iii) funding debt service reserve funds for the Bonds; and (iv) paying for issuance costs.

This motion also will:

1. Approve related documents, in substantially final form, including the escrow agreement, the paying agent/registrar agreement, the preliminary official statement and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds (the 2022 Installment Payment Agreement Supplement). 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 debt to be refunded by the 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 Bonds;
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series (tax-exempt and/or taxable), principal amounts and maturity schedules, interest rates, redemption provisions and terms of any reserve funds); and

- d. Approve the terms of the sale of the Bonds to an underwriting team and execute a Bond purchase agreement.

Upon motion by Director Allen, seconded by Vice Chair Cooper, 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 9:30 a.m.

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation

Approved: Feb. 23, 2022

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 Exhibit A.

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 2022 capital plan.
- Staff will monitor the FY 2022 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 capital projects described in Table 1 and Exhibit A. 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.

Table 1

Dollars in millions

Project Name	Previous Fiscal Years	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Lifetime
Service Reliability Projects							
Chief Brady Substation Upgrade	-	1.5	5.0	-	-	-	6.5
Georgetown Area Substation Upgrade	-	1.5	2.9	3.2	-	-	7.6
Obsolete Circuit Breaker – FY 2022 Substation Upgrade	-	1.2	2.5	-	-	-	3.7
Weltner Road Circuit Breaker Addition	-	0.7	2.5	-	-	-	3.2
Requested Total	-	4.9	12.9	3.2	-	-	21.0

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

Presenter(s)

Kristian M. Koellner
Vice President, Transmission Asset Optimization

Exhibit(s)

A – Project Details

EXHIBIT A

<h3>Project Details</h3>

Project Name: Chief Brady Substation Upgrade

Project Number: 1025303

Lifetime Budget: \$6.5 million

Description: The project will increase the reliability of substation equipment and increase the 138-kilovolt transmission bus capacity at the Chief Brady Substation in Williamson County. The project scope includes removing obsolete equipment and installing new circuit breakers, a new capacitor bank with foundation, switches, surge arrestors, physical security measures and lightning protection. The recommended project completion date is May 15, 2023.

Project Name: Georgetown Area Substation Upgrade

Project Number: 1024840

Lifetime Budget: \$7.6 million

Description: The project will increase the reliability of substation equipment at six Georgetown-area substations (Gabriel, Georgetown, Georgetown East, Georgetown South, Glasscock and Rivery) in Williamson County. The project scope at each location includes removing obsolete equipment and installing new equipment to meet LCRA TSC design standards such as upgraded protective relaying, switches, surge arrestors and battery banks. The recommended project completion date is May 15, 2024.

Project Name: Obsolete Circuit Breaker – FY 2022 Substation Upgrade

Project Number: 1024850

Lifetime Budget: \$3.7 million

Description: The project will increase transmission service reliability to the Bellville South, Boerne, Gonzales, Mountain Top, Redwood and Waller substations located in Austin, Kendall, Gonzales, Blanco, Hays and Waller counties. The project scope at each location includes replacing obsolete circuit breakers and installing upgraded protective relaying, surge arrestors and conductors, and constructing equipment stands and foundations. The recommended project completion date is May 15, 2023.

Project Name: Weltner Road Circuit Breaker Addition

Project Number: 1025314

Lifetime Budget: \$3.2 million

Description: The project will increase transmission service reliability for the Weltner Road Substation and the Clear Springs to Freiheit Road six-mile 138-kV transmission line in Guadalupe County. The project scope at Weltner Road Substation includes installing three new 138-kV circuit breakers, protective relaying, surge arrestors and switches. The project scope at Clear Springs and Freiheit Road substations includes installing telecommunications equipment for protective relaying. The recommended project completion date is May 15, 2023.

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