



Fiscal Year 2023 Business and Capital Plans

—
Lower Colorado River Authority

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The Board of Directors is composed of 15 members appointed to six-year terms by the governor with the advice and consent of the Texas Senate. Directors represent counties in LCRA’s electric and water service areas. The Board meets regularly to set strategic corporate direction for the general manager and staff, to approve projects and large expenditures, and to review progress on major activities and issues.

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These business and capital plans present a long-term vision and summary of operational plans for LCRA and its nonprofit corporations. The business and capital plans should not be used as a basis for making a financial decision with regard to LCRA or any of its securities or other obligations. These business and capital plans are intended to satisfy the official intent requirements set forth in IRS Treasury Regulations Section 1.150-2. For more complete information on LCRA and its obligations, refer to LCRA's annual financial report, the official statements relating to LCRA's bonds, and the annual and material event disclosures filed by LCRA with nationally recognized municipal securities information repositories and the State Information Depository pursuant to Rule 15c2-12 of the U.S. Securities and Exchange Commission. The information in this report and within each of the documents referenced applies only as of the report's date. The business and capital plans include forecasts based on current assumptions used for planning purposes only and are subject to change. Copies of the documents referenced in this report may be obtained from Stephen Kellicker, senior vice president of Finance, LCRA, 3700 Lake Austin Blvd., Austin, TX 78703.



OUR *Mission*

To enhance the quality of life of the Texans we serve through water stewardship, energy and community service.



OUR *Vision*

We will be the public utility
that sets the standard for excellence.

Delivering for Texans

At a time when power and water are critical for our growing state, LCRA is delivering essential services for the people who depend on us. And we're investing in our power and water infrastructure so we can keep coming through for Texans for years to come.

Even during the extreme conditions of Winter Storm Uri, we kept our big baseload power units – Fayette Power Project and Thomas C. Ferguson Power Plant – and our hydro units performing. We had 82% of our generation capacity available during the event, which was an important accomplishment for Texas, especially given the extreme conditions and compared with the rest of the Electric Reliability Council of Texas market. We also resolved Transmission customer outages associated with our operations quickly during the storm, minimizing the impact to customers. No single incident lasted longer than four hours within a city where we performed the load shedding.

Looking ahead, we're running an effective, cost-aware business to continue providing power for cooperatives and small towns in Central Texas. We're also investing in transmission projects, at a level expected to reach about \$2.2 billion over the next five years, to increase reliability and support growth throughout the state. We plan to invest about \$65.1 million over the next five years for new water supply projects as we continue to explore a variety of strategies for increasing water supplies in the lower Colorado River basin. And we plan to invest about \$32 million in that time frame on projects at our dams for their continued safe and effective operation.

All of our work aligns with our mission, vision, strategic goals and values. The people of LCRA are proud to provide services Texans need for the continued success of our state.

Our mission

To enhance the quality of life of the Texans we serve through water stewardship, energy and community service.

Our vision

We will be the public utility that sets the standard for excellence.

Our strategic goals

- **Run an effective, cost-aware business.**
- **Manage and develop water.**
- **Implement digital tools and use data effectively.**
- **Build today's workforce for the future.**

Our values

- **Focus on safety.**
- **Operate with integrity.**
- **Show respect.**
- **Take initiative.**
- **Focus on service.**



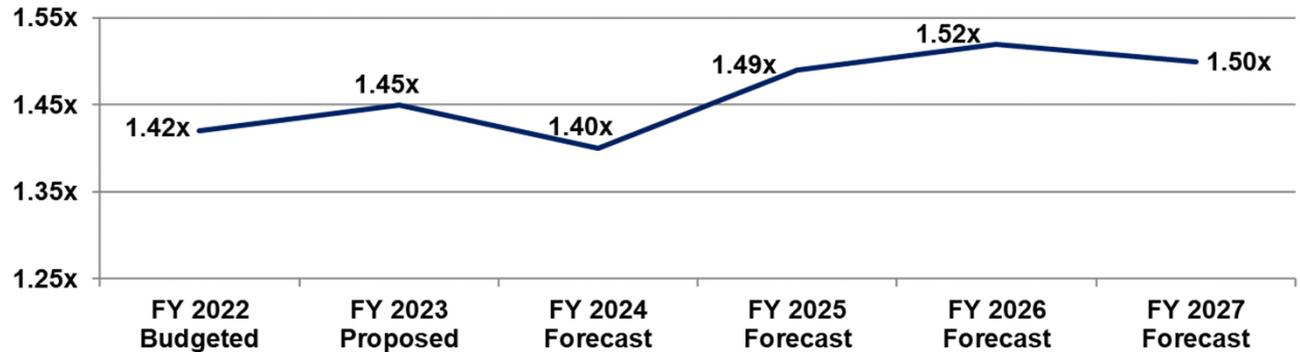
An aerial photograph of a winding waterway through a marshy landscape. The water is a mix of blue and green, reflecting the sky and the surrounding vegetation. Several people are kayaking on the water. In the upper left, a person is standing on a small patch of land. In the center, two kayakers are in a red kayak, and another is in a blue kayak. Below them, a single kayaker is in a blue kayak. In the lower right, a kayaker is in a red and yellow kayak. The marsh is covered in green and brown vegetation, with small pools of water scattered throughout.

TOGETHER.

LCRA Financial Summary

- Approval of this business plan authorizes LCRA to spend \$435.9 million for operations in fiscal year 2023.
- Debt service coverage, a widely used measure of financial performance, is forecast to be 1.45x in FY 2023.
- Debt service coverage is projected to remain between 1.40x and 1.52x over the five-year planning horizon.
- Stable debt service coverage reflects LCRA's commitment to manage costs and grow LCRA's business to support growth in Texas.

LCRA Debt Service Coverage



(Dollars in millions)

	Budgeted	Proposed	Forecast			
			FY 2022	FY 2023	FY 2024	FY 2025
Revenues ¹	\$ 1,039.3	1,132.8	1,154.4	1,287.9	1,361.9	1,404.2
Expenses ¹	572.9	655.7	671.0	697.0	731.9	756.1
Net Operating Margin	466.4	477.1	483.5	591.0	630.0	648.1
Less: GenTex Funds ²	(3.2)	(5.8)	(0.1)	(0.8)	(2.1)	(1.0)
Net Margin for Debt Service, Adjusted	463.2	471.3	483.4	590.2	627.9	647.0
Debt Service	\$ 325.3	326.0	345.5	395.8	412.7	431.4
Debt Service Coverage	1.42x	1.45x	1.40x	1.49x	1.52x	1.50x

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

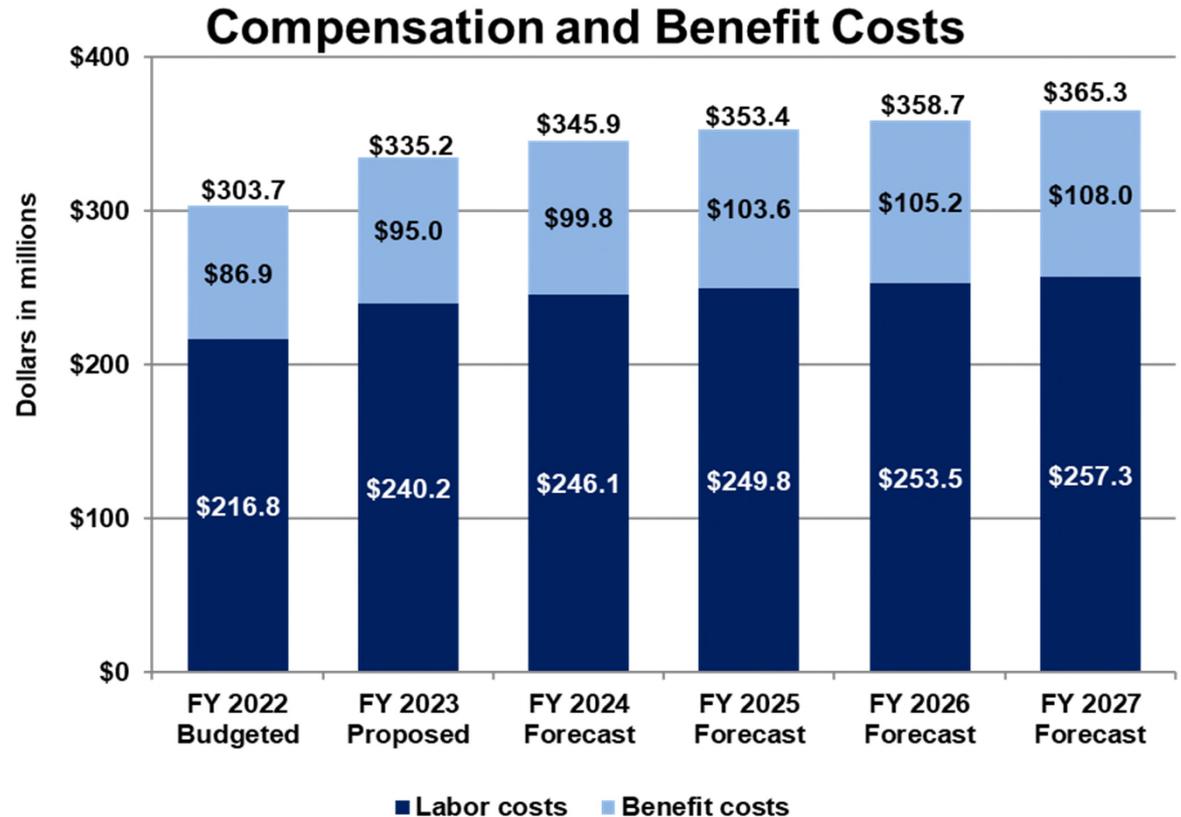
¹ Revenues and expenses are net of intracompany transfers. Revenues include interest income. Expenses exclude the LCRA TSC capital charge, which is a capital expense for LCRA consolidated.

² Includes adjustments related to GenTex capital funding and reserve funding.

Compensation and Benefits

Compensation and benefits are key drivers of LCRA’s budget.

- Budgeted positions for FY 2023 are 2,317¹, which is an increase of 130 positions (6%) from the FY 2022 budget.
 - Almost half of the new positions are conversions of temporary to full-time employees. These include positions in Project Management, Digital Services and Supply Chain and help LCRA retain critical people and services in a tight labor market.
 - The remaining positions are to support Transmission and other areas of LCRA as they meet sustained growth in Texas.
- FY 2023 compensation and benefit costs will increase by \$31.6 million, reflecting:
 - Position increases discussed above.
 - Merit increases planned in FY 2023.
 - Maintaining competitive pay in key areas.



- 1.5% base pay increases are planned in FY 2023 through FY 2027.
- LCRA continues to manage benefit costs, which range from 40.5% to 43% of labor costs for the next five years.

¹ Excludes seasonal workers.

Wholesale Power – Financial Summary

Wholesale Power shows continued financial strength.

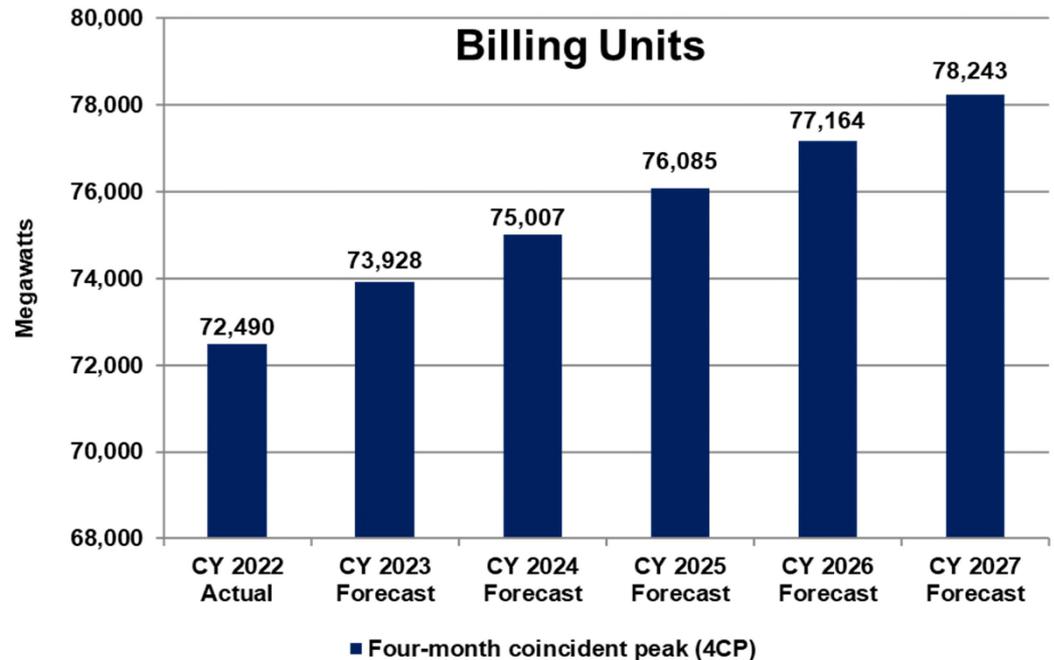
- Debt service coverage is projected to range between 1.33x and 1.48x over the five-year planning horizon.
- Financials remain strong and support our strategic goal to run an effective, cost-aware business.
- LCRA expects to continue to fund capital projects in FY 2023 from coverage dollars or existing funds, rather than issuing additional debt.

Confidential competitive electric information has been removed from this version of the document.

LCRA Transmission Services Corporation – Billing Units

LCRA TSC’s billing unit is the four-month coincident peak in the Electric Reliability Council of Texas market.

- 4CP is the average of the peak ERCOT electrical demands (measured in kilowatts) during the months of June, July, August and September of the previous calendar year.
- The Public Utility Commission of Texas approves the average of these four ERCOT system peaks each year to establish a 4CP for the following calendar year.
- 4CP is forecast to grow about 1.4% per year across ERCOT.



Note: One megawatt equals 1,000 kilowatts.

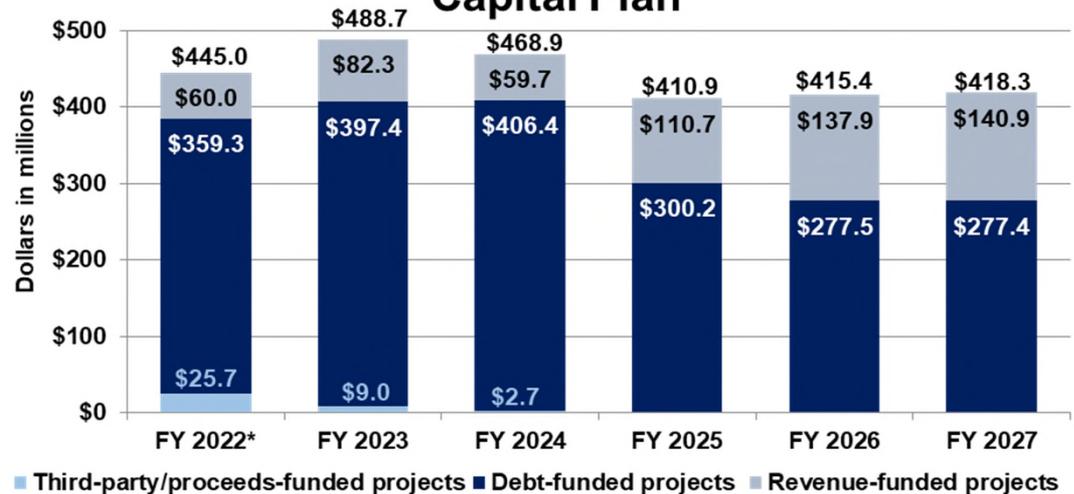
LCRA TSC – Capital and Rates

We're growing the transmission system to meet customer needs:

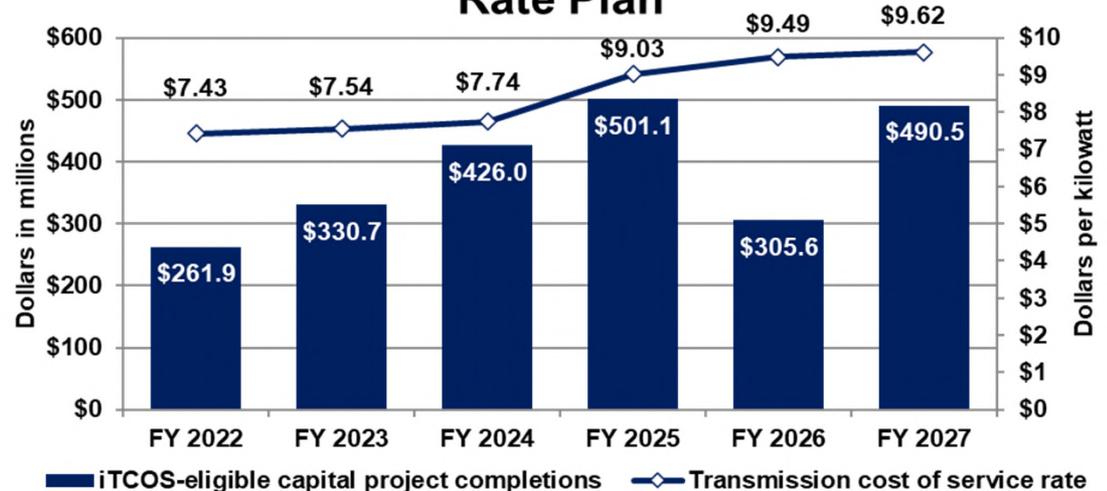
- LCRA TSC plans to invest about \$2.2 billion on capital projects over the five-year planning period to support the needs of the ERCOT and LCRA TSC systems.
- LCRA TSC plans to recover its investment in capital costs for projects that are completed and energized through interim transmission cost of service filings in FY 2023 through FY 2027. Additionally, LCRA TSC plans to file a TCOS rate case using an FY 2023 test year with new rates going into effect in FY 2025.
- LCRA TSC will continue to recover costs associated with additional projects beyond FY 2025 after they are completed and energized.

*The LCRA TSC Board of Directors in March 2022 approved the amended capital spending limit for LCRA TSC in FY 2022.

Capital Plan



Rate Plan



LCRA TSC – Financial Summary

- LCRA continues to expand the Transmission organization, adding staff and equipment needed to increase its current capacity to operate and construct facilities for LCRA TSC and provide customer services.

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$ 538.8	565.1	587.5	697.4	740.4	768.5
Operations and Maintenance	136.7	143.1	150.4	148.1	153.9	157.7
Net Operating Margin	402.2	422.0	437.2	549.3	586.6	610.8
Plus: Interest Income	1.1	0.8	1.3	2.0	2.8	2.7
Less: Assigned Enterprise Expense	60.8	64.4	70.5	77.8	80.1	82.3
Public Service Fund	16.2	17.0	17.6	20.9	22.2	23.1
Resource Development Fund	10.8	11.3	11.8	13.9	14.8	15.4
Net Margin Available for Debt Service	315.6	330.1	338.6	438.6	472.2	492.9
Debt Service	\$ 231.6	242.7	257.1	306.8	323.3	340.2
Debt Service Coverage	1.36x	1.36x	1.32x	1.43x	1.46x	1.45x

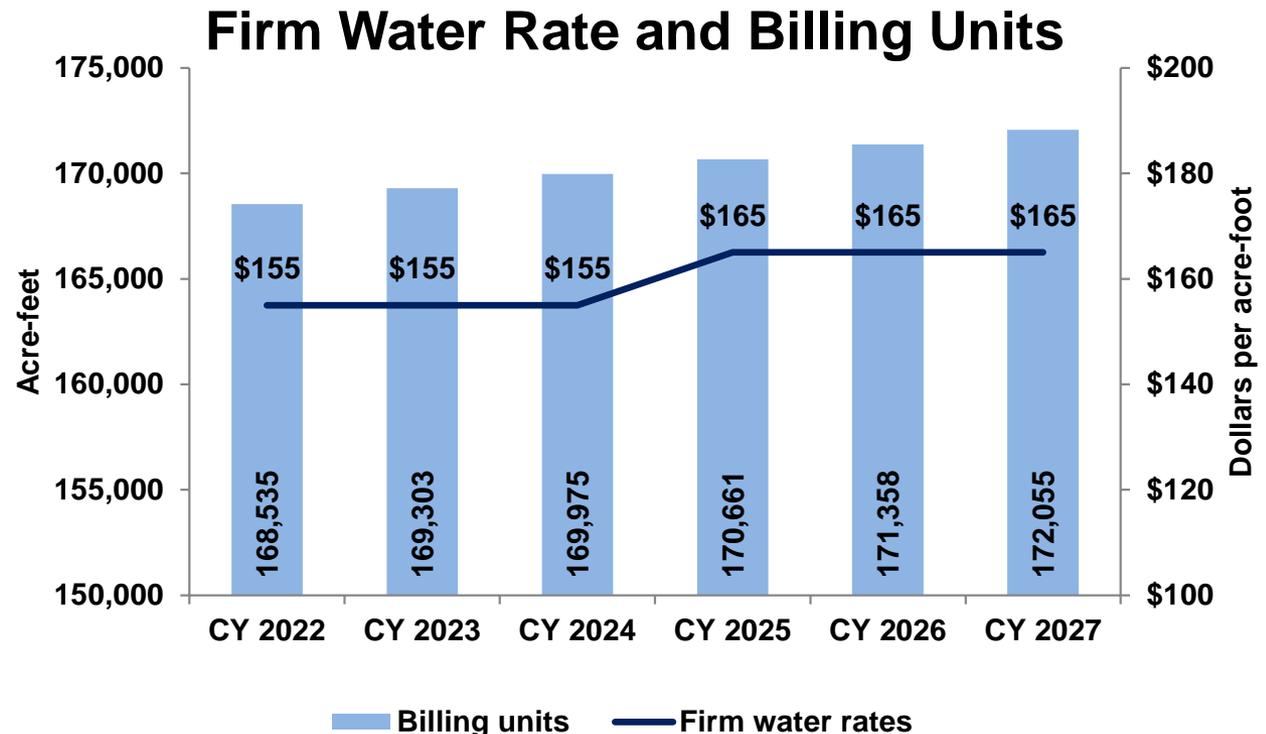
- LCRA TSC plans to manage costs to maintain its debt service coverage ratios between 1.32x and 1.46x.

Water – Firm Billing Units and Rates

LCRA projects holding the current firm water rate of \$155 per acre-foot flat for three years.

We are managing costs with no planned firm water rate increase for three years.

- Billing units are forecast to rise by less than 1% in each calendar year of the five-year planning period.
- The current firm water rate of \$155 per acre-foot is projected to remain flat until the January 2025 billing period.
- All rates for 2023 and beyond are subject to change based on actual and projected costs and billing units.



Note: Water supplies managed by LCRA are divided into firm and interruptible water. Firm water is available even during a severe drought. During drought or times of shortage, interruptible water is cut back or cut off.

Water – Interruptible Rates

Full cost recovery assumes a gradual approach.

- The Board approved rates for calendar year 2022 in January 2022. The rates for 2023 and beyond are subject to change based on actual and projected costs and billing units.
- Rates for Gulf Coast and Lakeside agricultural divisions are projected to increase to gradually recover the divisions' costs, including river management costs, assuming full water availability. The Garwood Agricultural Division is not subject to river management costs.
- The rates for Gulf Coast and Lakeside for 2021 through 2026 reflect an annual contribution from the Agriculture Reserve Fund. The fund is projected to be depleted by the end of 2026. The rate impact of the contributions are reflected in the delivery component of the rate.

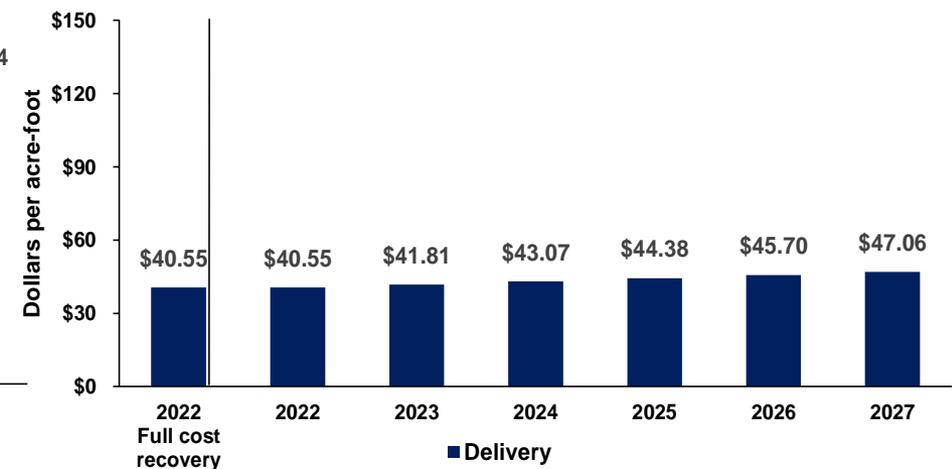
Gulf Coast Rate Outlook



Lakeside Rate Outlook



Garwood Rate Outlook



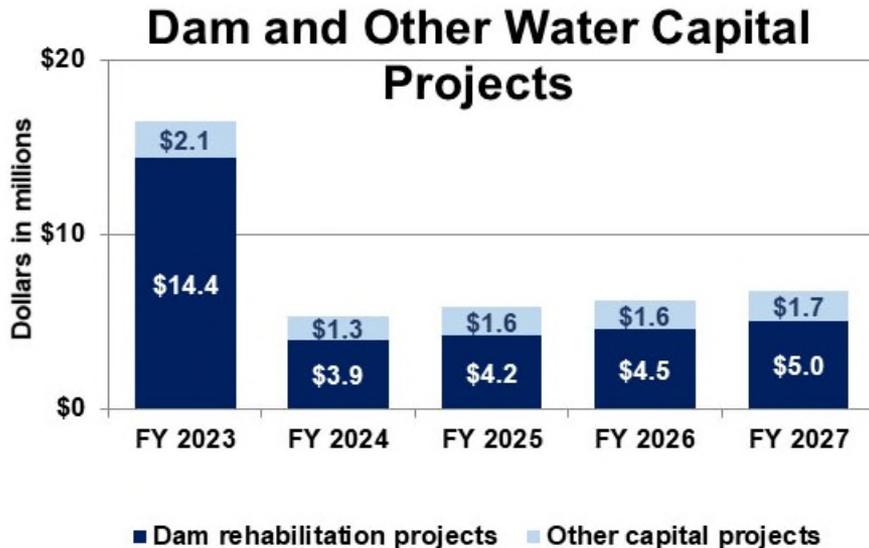
Water – Capital

Dam rehabilitation projects:

- LCRA plans to invest \$32 million in dam rehabilitation projects (excluding projects strictly for hydroelectric power generation) over the next five years for the continued safe and effective operation of the dams. As the projects continue, the costs to rehabilitate the dams could increase. LCRA primarily will issue debt to pay for these projects and recover the costs in the firm water rate.

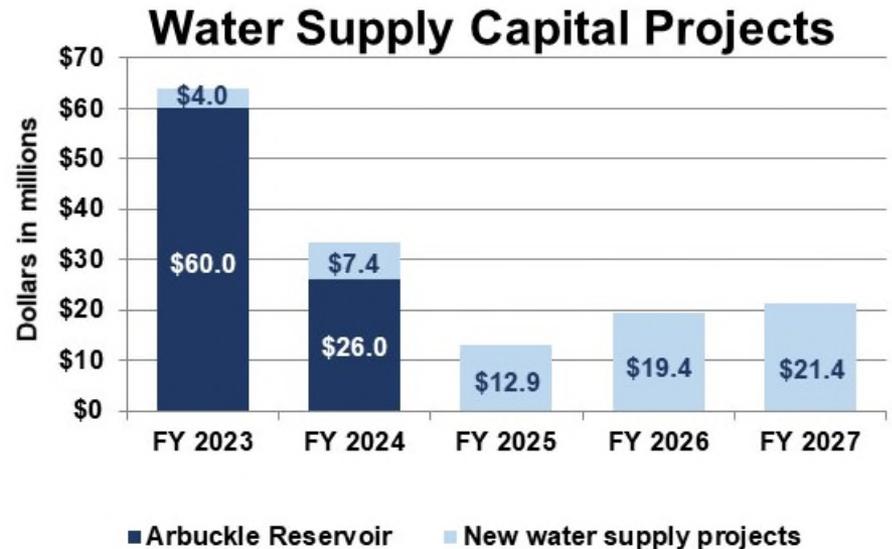
Other capital projects:

- Other capital projects include capital for irrigation and minor capital needs for Water.



New water supply capital projects:

- Capital spending for Arbuckle Reservoir will continue through FY 2024.
- LCRA plans to invest about \$65.1 million over the next five years for new water supply projects. LCRA expects to pay for these projects with existing funds or by issuing debt and recovering the costs in the firm water rate.
- LCRA continues to evaluate the timing and funding for the construction phases of future projects.



Water – Financial Summary

We are providing long-term water supply at a low rate.

- The firm rate is projected to remain flat until the January 2025 billing period.
- The financial summary assumes agricultural water deliveries in every year using rolling historical averages for acres.
- Annual debt service includes the Texas Water Development Board Arbuckle Reservoir debt paid from the Resource Development Fund.

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Firm Water	\$ 26.2	27.9	27.9	28.7	29.9	30.0
Agriculture	9.7	9.1	9.6	10.3	12.1	13.6
Other	3.0	2.7	2.1	2.0	2.0	1.9
Total Revenues	38.9	39.8	39.6	40.9	43.9	45.5
Operations and Maintenance	18.9	18.2	17.5	17.8	18.0	18.2
Net Operating Margin	20.0	21.6	22.1	23.2	25.9	27.3
Plus: Interest Income	0.6	0.8	1.0	1.2	1.3	1.4
Less: Assigned Enterprise Expense	5.6	5.0	7.0	7.9	7.8	7.9
Public Service Fund	1.1	1.1	1.1	1.2	1.3	1.3
Resource Development Fund	0.5	0.6	0.6	0.6	0.6	0.6
Net Margin Available for Debt Service	13.3	15.8	14.4	14.7	17.6	18.9
Debt Service	\$ 18.3	21.0	23.7	24.3	24.6	26.3
Debt Service Coverage	0.73x	0.75x	0.61x	0.60x	0.71x	0.72x
Plus: Resource Development Funding	\$ 13.5	14.9	16.2	16.5	16.6	16.7
Debt Service Coverage, Adjusted	1.47x	1.46x	1.29x	1.28x	1.39x	1.35x

Public Service Fund

LCRA uses the Public Service Fund on statutory programs that do not fully recover their costs.

- FY 2023 Public Service Fund operating fund requirements include:
 - \$8.2 million for parks.
 - \$5 million for water quality programs.
 - \$3.2 million for natural resource protection.
 - \$1.1 million for water surface management.
- These services provide some revenue but require annual support to cover the costs of operations, Enterprise Support and capital.
- The PSF grants include \$2.1 million annually for the Community Development Partnership Program and \$500,000 annually for the Colorado River Land Trust.
- Fund sources include contributions from budgeted nonfuel Wholesale Power costs, budgeted LCRA WSC Energy net margin, and budgeted revenue from GenTex, LCRA TSC, Water and Strategic Services.

(Dollars in millions)

Revenue						
Total Operating Expense						
Operating Fund Requirement						
Capital Spending						
Assigned Enterprise Capital						
Reserves						
Grants						
Total Funding Requirement						

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
\$	5.1	6.7	7.0	8.1	8.6	8.8
	20.3	24.5	25.6	26.2	26.5	27.2
	15.2	17.8	18.6	18.0	18.0	18.4
	2.2	2.1	1.9	1.8	2.5	1.5
	0.4	0.3	0.4	0.4	0.3	0.3
	0.2	1.0	0.3	0.1	0.1	0.2
	2.6	2.6	2.6	2.6	2.6	2.6
\$	20.6	23.9	23.8	23.0	23.5	23.1

(Dollars in millions)

Sources						
Public Service Fund						
Wholesale Power						
GenTex Power Corporation						
Water						
LCRA TSC						
LCRA WSC Energy						
Strategic Services						
Subtotal						

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
\$	6.9	7.2	7.1	7.0	7.0	7.3
	1.4	2.1	1.6	1.4	1.1	1.0
	1.1	1.1	1.1	1.2	1.3	1.3
	16.2	17.0	17.6	20.9	22.2	23.1
	0.0	0.0	0.0	0.0	0.0	0.0
	0.3	0.6	0.4	0.4	0.5	0.5
	25.9	28.0	27.9	30.9	32.1	33.1

Uses

Public Service Activities						
Resource Development Fund						
Infrastructure Reserve						
Strategic Reserve Fund						
Subtotal						

	20.6	23.9	23.8	23.0	23.5	23.1
	1.0	1.0	1.0	1.0	1.0	1.0
	3.0	3.0	3.0	3.0	3.0	3.0
	1.3	0.1	0.1	3.9	4.7	6.1
	25.9	28.0	27.9	30.9	32.1	33.1

Remaining PSF Funds

\$	0.0	0.0	0.0	0.0	0.0	0.0
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Strategic Services

Strategic Services includes external services that people pay LCRA to provide.

- Strategic Services primarily includes:
 - Telecommunications radio sales.
 - Transmission Customer Service.
 - LCRA Environmental Laboratory Services.

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$ 12.0	21.7	14.6	14.8	15.2	15.4
Operations and Maintenance	8.4	19.0	11.9	9.4	9.6	9.6
Net Operating Margin	3.6	2.7	2.7	5.4	5.6	5.8
Less: Assigned Enterprise Expense	2.9	3.5	3.4	3.4	3.4	3.5
Public Service Fund	0.3	0.6	0.4	0.4	0.5	0.5
Resource Development Fund	0.1	0.4	0.3	0.3	0.3	0.3
Net Margin Available	\$ 0.2	(1.9)	(1.4)	1.2	1.4	1.5

Enterprise Support

Enterprise costs consist of essential functions that support business operations across LCRA.

- Enterprise Support includes:

- Cybersecurity.
- Digital Services.
- Facilities.
- Legal.
- Finance.
- Public Safety.
- Regulatory.
- Telecommunications.
- Others.

- Some costs are direct-charged when specific services are performed for a product line.

- Most other costs are assigned based on a three-factor formula of assets, labor hours and revenue.

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Net Enterprise Costs	\$ 133.8	146.1	152.5	156.5	159.0	161.8
Cost Assignment						
Wholesale Power and Nonprofit Corporations	32.1	33.6	34.4	34.5	34.4	34.7
LCRA TSC	60.8	64.4	70.5	77.8	80.1	82.3
Water	5.6	5.0	7.0	7.9	7.8	7.9
Public Service Fund Activities	3.6	4.4	4.5	4.8	4.8	4.9
Strategic Services	2.9	3.5	3.4	3.4	3.4	3.5
Capital/Other	28.8	35.2	32.8	28.2	28.5	28.5
Total	133.8	146.1	152.5	156.5	159.0	161.8
Capital Expenditures						
Debt-Funded	0.0	25.0	0.0	0.0	0.0	0.0
Revenue-Funded	30.2	27.2	29.6	33.6	23.4	23.8
Third Party or Proceeds-Funded	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital	\$ 30.2	52.2	29.6	33.6	23.4	23.8

LCRA Capital Plan – by Status

- Approval of this capital plan authorizes the initiation of all recommended projects at their individually stated lifetime budgets as shown in the plan.
- Staff may bring future projects individually to the Board for approval after scope and cost estimates have been further refined, and staff includes future projects in this document for financial planning purposes.
- Board approval of this plan also authorizes the proposed \$180.6 million budget for FY 2023 capital spending, which includes \$89 million for recommended projects and \$91.6 million for projects the Board approved previously.

FY 2023-FY 2027 Capital Spending for Recommended, Approved and Future Projects

LCRA Total (Excluding LCRA TSC and Including Austin Energy's Share and the City of San Marcos' Share)

(Dollars in millions)

	Budgeted Proposed		Forecast					Five-Year	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total	Lifetime	
Recommended Projects	\$	89.0	34.4	14.9	1.9	2.0	142.1	145.5	
Approved Projects		91.6	35.5	3.7	2.5	2.8	136.2	539.3	
Subtotal Recommended and Approved		180.6	69.9	18.6	4.4	4.8	278.3	684.8	
Future Projects		0.0	51.2	62.1	67.8	60.5	241.6	263.7	
Total FY 2023 Capital Plan		180.6	121.1	80.7	72.2	65.2	519.9	948.5	
Less: Co-owners' Shares		2.4	3.1	3.1	2.6	0.6	11.9	12.2	
LCRA's Share		178.2	118.0	77.6	69.6	64.6	508.0	936.3	
Comparison With Previous Plan									
Total FY 2022 Capital Plan (With Co-owners)		113.4	76.3	88.3	80.9	77.2	436.1	804.2	
Difference*	\$	n/a	104.3	32.8	(0.2)	(5.0)	65.2	144.3	

*Difference for five-year total is based on a rolling five-year comparison, i.e., FY 2023-FY 2027 spending from the current plan compared with FY 2022-FY 2026 from the plan the Board approved in May 2021.

LCRA TSC Capital Plan – by Status

- Board approval of this plan authorizes the proposed \$488.7 million budget for FY 2023 capital spending, which includes \$214.8 million for projects the Board approved previously and \$273.9 million of potential future projects.
- Staff will bring future projects individually to the Board for approval after scope and cost estimates have been further refined and the budget has been established. Staff includes future projects in this document for financial planning purposes.

FY 2023 Capital Spending for Approved and Future Projects LCRA Transmission Services Corporation

(Dollars in millions)

	Budgeted	Proposed	Forecast				Five-Year
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Approved Projects	\$	214.8	17.3	0.0	0.0	0.0	232.1
Future Projects		273.9	451.6	410.9	415.4	418.3	1,970.1
Total FY 2023 Capital Plan		488.7	468.9	410.9	415.4	418.3	2,202.2

Comparison With Previous Plan

Total FY 2022 Capital Plan (May 2021)	\$	406.8	456.3	451.6	444.5	332.4	2,091.6
Difference*		n/a	32.3	17.4	(33.6)	83.0	110.6

*Difference for five-year total is based on a rolling five-year comparison, i.e., FY 2023-FY 2027 spending from the current plan compared with FY 2022-FY 2026 from the plan the Board approved in May 2021 (not compared with the amended FY 2022 spending limit the LCRA TSC Board approved in March 2022 for LCRA TSC).

LCRA Capital Plan – by Business

- LCRA’s share of the total FY 2023 capital budget for recommended, approved and future projects is \$666.8 million. About 26% of that amount will be revenue-funded or third-party or proceeds-funded.
- LCRA’s share of the five-year total capital budget, including recommended, approved and future projects, is about \$2.7 billion. About 32% of that amount will be revenue-funded or third-party or proceeds-funded.
- LCRA is using previously reserved funds to fund and accelerate certain critical infrastructure capital projects throughout the organization.

(Dollars in millions)

		Budgeted	Proposed	Forecast			
		FY 2022*	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
LCRA Capital Expenditures							
<u>Revenue-Funded</u>							
Wholesale Power and Nonprofit Corporations	\$	6.5	10.8	15.0	10.4	11.7	9.8
LCRA TSC		60.0	82.3	59.7	110.7	137.9	140.9
Water		7.8	9.5	6.8	6.5	7.6	6.6
Enterprise Support		30.2	27.2	29.6	33.6	23.4	23.8
Public Services		2.2	2.1	1.9	1.8	2.5	1.5
Strategic Services		0.3	-	0.2	0.2	0.1	0.1
		107.0	131.9	113.2	163.3	183.1	182.8
<u>Debt-Funded</u>							
Wholesale Power and Nonprofit Corporations		-	-	4.8	3.4	5.1	-
LCRA TSC		359.3	397.4	406.4	300.2	277.5	277.4
Water		40.9	70.4	31.9	11.9	17.7	21.2
Enterprise Support		-	25.0	-	-	-	-
Strategic Services		0.9	0.2	0.3	0.4	0.5	0.5
		401.1	492.9	443.4	315.9	300.8	299.1
<u>Third-Party/Proceeds-Funded</u>							
Wholesale Power and Nonprofit Corporations		7.7	29.6	24.0	9.0	-	-
LCRA TSC		25.7	9.0	2.7	-	-	-
Water		12.2	0.6	-	0.3	0.3	0.3
Enterprise Support		-	-	-	-	-	-
Public Services		1.5	2.5	3.5	-	0.8	0.7
Strategic Services		-	0.3	-	-	-	-
		47.1	42.0	30.3	9.3	1.2	1.0
Total LCRA Capital	\$	555.2	666.8	586.9	488.5	485.0	482.9

*The LCRA TSC Board of Directors in March 2022 approved the amended capital spending limit for LCRA TSC for FY 2022.

LCRA Capital Plan – Approach

Capital Planning Approach

LCRA includes projects in the capital plan with the goal of ensuring LCRA can continue to offer its customers energy, water and public services in a reliable, competitively priced, environmentally responsible and safe manner. Each project undergoes a thorough review by LCRA's Asset Management work group and other staff members who separate the projects into three categories: recommended (projects management has reviewed and recommended for Board approval); approved (projects the Board approved previously); and future (projects staff may recommend implementing within the next five years).

Staff does not submit future projects for Board approval until scope and cost estimates have been further refined, but includes them in this document for financial planning purposes. The cost and timing of future projects presented in this document could change. For this reason, LCRA continues planning activities throughout the year and updates the plan as necessary. LCRA will bring future projects back to the Board for approval.

Determining Need and Financial Analysis

Capital plan projects must support the goals of the business plan within financial parameters established by LCRA's Board and chief financial officer.

LCRA includes projects based on multiple factors, such as current and anticipated demand for LCRA's services and the need to maintain or build facilities or infrastructure to meet those demands. Other factors include compliance with applicable state and federal regulations, safety and security needs, the potential for increased revenues, and better management and protection of natural resources.

Staff has reviewed and analyzed the recommended projects and the projects for which LCRA plans to seek approval during the fiscal year. The project criteria may vary, but typically will involve either a payback period test, net present value analysis or other analyses to ensure the project is the most cost-effective approach. Executive management reviews each project to ensure the project warrants funding and inclusion in the capital plan. When appropriate, affected customers and stakeholders have the opportunity to review and comment on the proposed project scope and budget.

LCRA Capital Plan – Approach (Continued)

Developing Project Estimates

LCRA staff develops project cost estimates. An estimate's accuracy is based on identifying the work and resources necessary to complete the project objectives. Cost estimates are revised and become more accurate as more information regarding the scope and deliverables is available.

The capital planning cycle involves these steps:

- Developing and refining a list of business needs based on planning criteria and asset owner input.
- Defining the scope and approach necessary to address those needs.
- Obtaining cost estimates and performing business analyses to establish a proposed project budget and to evaluate affordability, economic viability, portfolio prioritization and risk.
- Seeking approval of the capital plan to validate strategic direction, establish lifetime and fiscal year budgets, and allow business planning for the future.

LCRA may recommend or seek approval of some projects using less-refined cost estimates because of the timing in determining the specific technology that would be implemented. Projects recommended that have less-refined cost estimates are noted in the project description.

Project Prioritization

LCRA reviews and prioritizes its projects based on criteria that include safety, cost, reliability, competitiveness, environmental considerations and other factors. The appropriate executive reviews staff recommendations.

Projects that are essential to ensure the continued reliable and cost-effective delivery of LCRA services, concern public safety or limit interruption of services receive the highest priority. LCRA also assigns higher priority to projects with regulatory issues that may result in substantial financial impacts for noncompliance, projects already in progress that have a substantial cost to stop, and projects with contractual requirements that could have substantial financial impacts to LCRA.

Medium-priority projects include those in progress that have a moderate financial impact associated with stopping them or have contractual, regulatory or reliability issues that would have a moderate to minimal financial or health and safety impact to LCRA, customers and stakeholders.

LCRA Capital Plan – Approach (Continued)

Project Prioritization (Continued)

A lower-priority project is not unimportant to LCRA or to stakeholders. Staff may assign lower-priority rankings to projects that have a more moderate monetary or stakeholder impact and would have minimal impacts to safety, the environment, contractual obligations or revenue if they were stopped or delayed.

Project Approval and Monitoring

LCRA brings each recommended capital project for the next fiscal year to the LCRA Board for approval with this plan. Board approval authorizes the release of funds to execute the identified projects. However, executives may authorize funding in stages or all at once for the entire project. Staff may bring future projects individually to the Board for approval throughout the fiscal year.

Regardless of the estimating level or the method used to generate the cost estimate, Board policies 301 – Finance and T301 – Finance require the LCRA Board or LCRA TSC Board to approve lifetime budgets for individual projects throughout the fiscal year. Policies 301 and T301 delegate this authority to the CEO, so long as additional funding does not cause total capital expenditures to exceed the approved capital plan or materially adversely impact business planning assumptions.

For any project not previously authorized by the LCRA Board or LCRA TSC Board, Board policies 301 and T301 delegate to the CEO the authority to approve any capital project with a lifetime budget not to exceed \$1.5 million. Board Policy T301 also gives the CEO delegated authority to approve all capital projects associated with generation interconnection projects not previously authorized by the Board, in each case only after the generator has provided appropriate financial security to LCRA TSC for its expenses.

Staff will communicate any CEO-approved projects to the LCRA Board and LCRA TSC Board on a quarterly basis.

LCRA Capital Plan – Approach (Continued)

Project Approval and Monitoring (Continued)

Project Management staff provides to LCRA's executives quarterly capital project status reports on approved projects. Reports include cost variances, estimated completion dates, comparisons of work completed to budget spent, fiscal year spending forecasts and project estimates at completion compared with the current capital plan. The reports also highlight any significant changes to the capital program, including project cancellations, delays and budget-to-actual expenditures.

Capital Plan Approval and Reporting

LCRA Board approval of this capital plan authorizes the initiation of all recommended projects at their individually stated lifetime budgets. These recommended projects include annual budgets for general additions and minor capital. General additions are small capital additions or replacement projects that do not exceed \$500,000. Minor capital budgets are used to fund purchases of equipment that, essentially, is ready to place in service upon delivery, such as fleet assets or technology hardware.

Board approval of this plan also authorizes the proposed \$669.3 million budget for FY 2023 capital spending for recommended, approved and potential future projects. At this time, LCRA is not seeking Board approval for future projects. LCRA will bring any future project determined to require initiation in FY 2023 to the Board for approval individually.

LCRA incorporates spending projections in the capital plan into the financial performance and rate impacts shown in the business plan. Upon approval and throughout FY 2023, LCRA will provide to the Board regular reports on project progress and compliance with the project budgets and fiscal year spending constraints established in the plan.

The following pages include specific project details and proposed lifetime budgets for recommended projects, as well as annual spending projections for approved and future projects.

Note: The dollar amounts in parentheses after the project titles reflect lifetime budgets.

Wholesale Power Projects

Information about Wholesale Power capital projects included in the capital plan is considered confidential and has been removed from this version of the document.

Transmission Projects

Approved and potential future Transmission projects total \$488.7 million in FY 2023 and total \$2.2 billion over the next five years. Staff will bring potential future projects individually to the Board for approval throughout the fiscal year. LCRA TSC projects are required to meet anticipated electric load growth and electric load additions, operating constraints and long-term reliability criteria addressing transmission and transformation needs, as well as reliability of service and equipment reliability limitations, and safety and environmental issues.

To assist in aligning the various goals and associated requirements listed above, the projects are organized in the following categories:

- **General addition projects** are primarily smaller construction projects that maintain electric transmission infrastructure and reliability.
- **Generator interconnection projects** are necessary to facilitate generator interconnections requested by participants in the ERCOT market.
- **Minor capital projects** are primarily for the acquisition of equipment that supports electric transmission needs and, generally, is ready to place in service upon delivery.
- **Service reliability projects** are driven by equipment obsolescence, operational improvements or transmission service reliability needs.
- **System capacity projects** are needed to provide new or increased transmission system capacity.
- **Third-party funded projects** are not driven by utility criteria; instead, external parties that will contribute a substantial portion of the project cost request the projects.

Transmission Projects (Continued)

There are 73 approved projects with expected spending of \$214.8 million in FY 2023. See the appendix for details on LCRA TSC approved projects. This expected spending is categorized below:

LCRA Transmission Services Corporation FY 2023 Capital Plan Approved Projects

(Dollars in millions)

Planning Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total
Generator Interconnection Projects	\$ 6.7	8.6	-	-	-	15.3
Service Reliability Projects	117.5	1.3	-	-	-	118.8
System Capacity Projects	87.7	4.7	-	-	-	92.4
Third-Party Funded Projects	2.9	2.7	-	-	-	5.6
Approved Subtotal	\$ 214.8	17.3	-	-	-	232.1

Transmission Projects (Continued)

Staff continues to evaluate projects totaling almost \$2 billion of expected spending over the next five years. Staff will bring these projects individually to the Board for approval throughout the fiscal year. This spending is categorized below:

LCRA Transmission Services Corporation FY 2023 Capital Plan Future Projects

(Dollars in millions)

Planning Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total
General Addition Projects	\$ 5.0	5.0	5.0	5.0	5.0	25.0
Generator Interconnection Projects	8.6	15.0	18.0	18.0	18.0	77.6
Minor Capital Projects	0.4	0.3	0.3	0.3	0.3	1.6
Service Reliability Projects	244.1	394.1	299.3	173.7	170.5	1,281.7
System Capacity Projects	9.7	37.2	88.3	218.4	224.5	578.1
Third-Party Funded Projects	6.1	-	-	-	-	6.1
Future Subtotal	\$ 273.9	451.6	410.9	415.4	418.3	1,970.1

Transmission Projects (Continued)

Spending for approved and potential future projects totaling about \$2.2 billion over the next five years is categorized below:

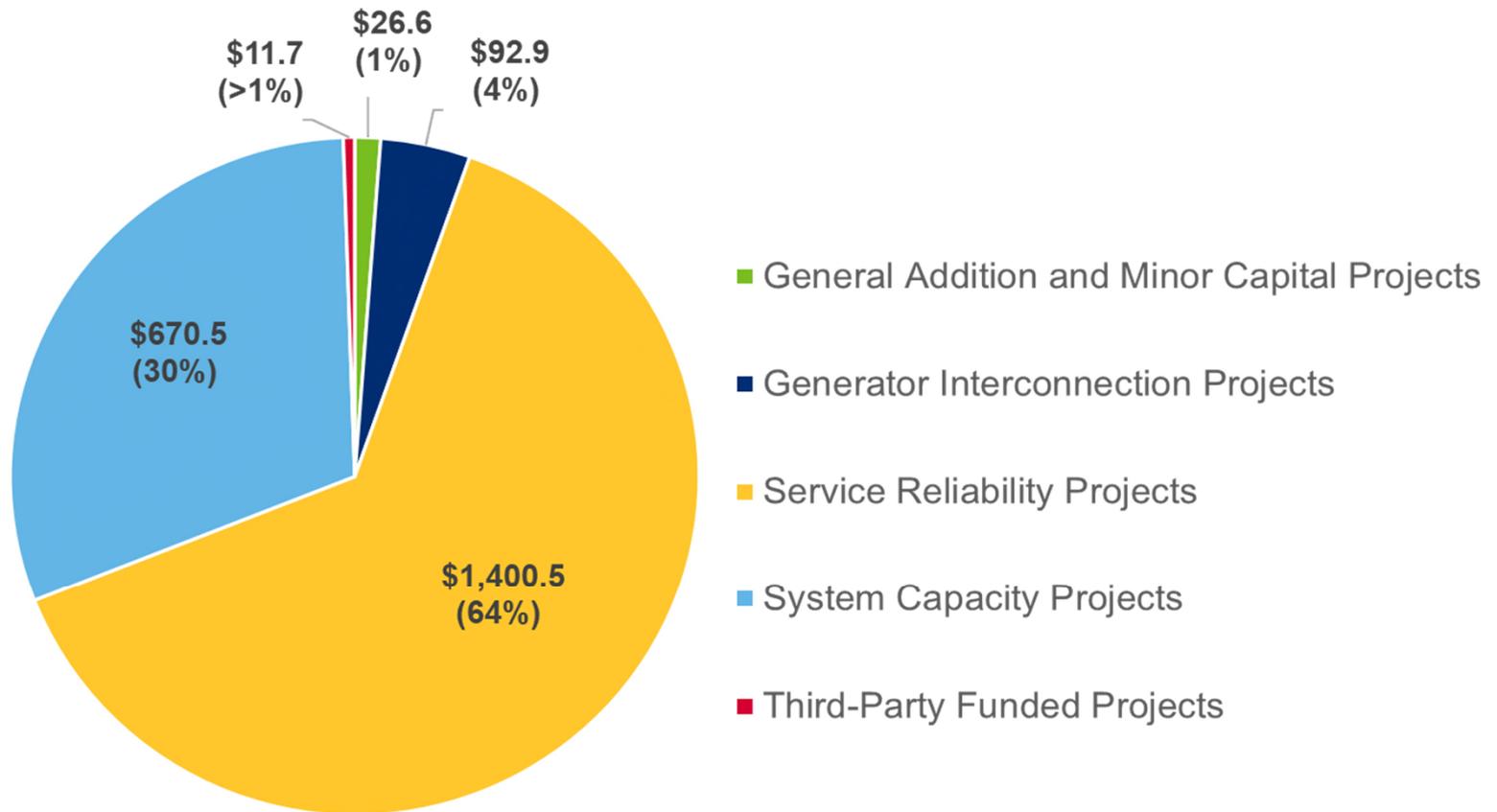
LCRA Transmission Services Corporation FY 2023 Capital Plan Approved and Future Projects

(Dollars in millions)

Planning Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total
General Addition Projects	\$ 5.0	5.0	5.0	5.0	5.0	25.0
Generator Interconnection Projects	15.3	23.6	18.0	18.0	18.0	92.9
Minor Capital Projects	0.4	0.3	0.3	0.3	0.3	1.6
Service Reliability Projects	361.6	395.4	299.3	173.7	170.5	1,400.5
System Capacity Projects	97.4	41.9	88.3	218.4	224.5	670.5
Third-Party Funded Projects	9.0	2.7	-	-	-	11.7
Total LCRA Transmission Services Corporation	\$ 488.7	468.9	410.9	415.4	418.3	2,202.2

Transmission Projects (Continued)

Total spending on Transmission approved and potential future capital projects is about \$2.2 billion over the next five years. This spending is categorized below:



Dollars in millions

Water Projects

Water projects in the capital plan include capital improvements for managing and delivering raw water. This plan focuses resources on managing the river, improving infrastructure – including LCRA’s Hydromet system – and planning to meet the basin’s future water needs.

Recommended and approved Water projects total \$80.5 million in FY 2023 and total \$119.1 million over the next five years through FY 2027. Future projects total \$72.4 million through FY 2027.

FY 2023 Requested Project Budget Increase

Arbuckle Reservoir (\$419 million) – Staff requests an \$86 million increase to the Arbuckle Reservoir project’s lifetime budget from \$333 million to \$419 million. Staff requests this lifetime budget increase to fund the design and construction of the eastern portion of the reservoir seepage barrier and other related items necessary to allow the reservoir to operate safely.

FY 2023 Recommended Projects

General Additions – General addition projects will maintain infrastructure and improve reliability and safety for the following:

- Hydromet (\$350,000).
- Irrigation systems (\$795,000).
- Raw water (\$160,000).

Minor Capital – The scope of minor capital projects is to purchase equipment that, essentially, is ready to place in service upon delivery for the following:

- Hydromet (\$180,000).
- Irrigation systems (\$238,000).

Water Projects (Continued)

Water

FY 2023 Capital Plan Recommended and Approved Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Recommended							
General Additions – Hydromet	350	-	-	-	-	350	350
General Additions – Irrigation Systems	795	-	-	-	-	795	795
General Additions – Raw Water	160	-	-	-	-	160	160
Minor Capital – Hydromet	180	-	-	-	-	180	180
Minor Capital – Irrigation Systems	238	-	-	-	-	238	238
Recommended Subtotal	1,723	-	-	-	-	1,723	1,723
Approved							
Arbuckle Reservoir	60,000	26,000	-	-	-	86,000	419,000
Buchanan Dam Spalling Concrete Rehabilitation – Phase 3	2,155	2,155	2,470	2,470	2,785	12,035	36,000
Garwood Automated Gates	373	-	-	-	-	373	1,100
Griffith League Ranch Groundwater	3,419	-	-	-	-	3,419	8,500
Lane City Dam Rehabilitation and Hurricane Harvey Recovery	11,115	-	-	-	-	11,115	13,760
Mansfield Dam Paradox Gate Rehabilitation – Phase 2	1,105	994	483	60	-	2,642	10,416
New Water Supply Projects – Phase 1	608	400	785	-	-	1,793	6,179
Approved Subtotal	78,775	29,549	3,738	2,530	2,785	117,377	494,955

Water Projects (Continued)

Water

FY 2023 Capital Plan Future Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year	
						Total	Lifetime
Future							
Buchanan Dam Intake Structure – Phase 2	-	800	-	-	-	800	800
General Additions – Hydromet	-	100	100	100	100	400	400
General Additions – Irrigation Systems	-	310	826	310	310	1,756	1,756
General Additions – Raw Water	-	312	150	200	200	862	862
Griffith League Ranch Groundwater – Phase 2	-	6,500	6,500	-	-	13,000	13,000
Griffith League Ranch Groundwater – Phase 3	-	-	-	-	7,000	7,000	14,000
Gulf Coast Plant No. 1 – Pumps 1 and 2 Replacement	-	-	-	400	600	1,000	1,000
Lakeside Main Canal Gate Automation	-	-	300	300	300	900	1,500
Mansfield Dam Floodgate Hydraulic Piping	-	-	-	800	-	800	800
Mansfield Spillway Spalling	-	-	-	-	1,000	1,000	1,000
Mansfield Upstream Ring Follower Gates Rehab Phase 1	-	-	1,200	-	-	1,200	1,200
Mansfield Upstream Ring Follower Gates Rehab Phase 2	-	-	-	1,200	1,200	2,400	12,000
Matagorda Bay Brackish Groundwater Well	-	500	1,000	2,500	1,000	5,000	5,000
Minor Capital – Hydromet	-	80	50	50	50	230	230
Minor Capital – Irrigation Systems	-	502	160	235	135	1,032	1,032
Minor Capital – Water Resource Management	-	45	50	50	50	195	195
New Regional Water Supply Projects – Phase 2	-	-	4,613	16,864	13,379	34,856	35,700
Future Subtotal	-	9,149	14,949	23,009	25,324	72,431	90,475
Total Water	80,498	38,698	18,687	25,539	28,109	191,531	587,153

Public Services Projects

Legislative authority and LCRA's Board provide direction for LCRA staff to develop and manage parks, recreation facilities and natural science centers in LCRA's statutory district, providing public recreation and water access along the lower Colorado River and its tributaries and at LCRA's power plant reservoirs. LCRA's park system includes more than 40 parks on roughly 11,000 acres. The parks enhance the public's use and enjoyment of LCRA lands and provide diverse outdoor recreation and education opportunities.

LCRA's public service funding aims to keep pace with the growing Texas population and expected increase in park visitation, protect natural resources and water quality along the Colorado River, and develop facilities that help achieve LCRA's cost-recovery goals for parks. As part of this development, staff seeks approval of using the Public Recreation and Conservation Land Acquisition Fund to fund capital in the first three years of the plan.

Recommended and approved Public Services projects total \$4.5 million in FY 2023 and total \$9.1 million over the next five years through FY 2027. Future projects total \$8.3 million through FY 2027.

FY 2023 Recommended Projects

Black Rock Park Improvements (\$5.6 million) – The project scope includes adding new revenue-generating amenities to take advantage of the continued rise in outdoor tourism. Amenities include full-service cabins, elevated campsites, RV campsites, a retail area, shade structures and other enhancements. The project also will expand the Wi-Fi for LCRA staff and add new entrance signs and restroom facilities. Staff is recommending that \$4.28 million of the \$5.6 million lifetime budget be funded from the Public Recreation and Conservation Land Acquisition Fund.

Matagorda Bay Facility Improvements (\$820,000) – The project scope is to repair storm damage and make improvements to the restroom facilities. The project includes installing new wall tile, tile flooring, plumbing fixtures, electrical fixtures, toilet partitions and countertops in the restroom facilities at the Natural Science Center, RV camping area and Jetty Park.

Public Services Projects (Continued)

FY 2023 Recommended Projects (Continued)

General Additions – General addition projects will maintain infrastructure and make strategic improvements to enhance customer service in the following area:

- Parks (\$940,000).

Minor Capital – The scope of minor capital projects is to purchase equipment that, essentially, is ready to place in service upon delivery for the following:

- Parks (\$773,000). Staff is recommending that \$660,000 of the \$773,000 be funded from the Public Recreation and Conservation Land Acquisition Fund.
- Other Public Services (\$502,000).

Public Services Projects (Continued)

Public Services

FY 2023 Capital Plan Recommended, Approved and Future Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Recommended							
Parks							
Black Rock Park Improvements	1,000	4,100	500	-	-	5,600	5,600
General Additions	940	-	-	-	-	940	940
Matagorda Bay Facility Improvements	820	-	-	-	-	820	820
Minor Capital	773	-	-	-	-	773	773
Other Public Services							
Minor Capital	502	-	-	-	-	502	502
Recommended Subtotal	4,035	4,100	500	-	-	8,635	8,635
Approved							
Parks							
Matagorda Bay Nature Park Improvements	500	-	-	-	-	500	6,915
Approved Subtotal	500	-	-	-	-	500	6,915
Future							
Parks							
General Additions	-	150	335	550	273	1,308	1,308
Grelle Recreation Area Improvements	-	-	700	2,300	-	3,000	3,000
Minor Capital	-	526	227	230	801	1,784	1,784
North Shore Park Improvements	-	500	-	-	-	500	500
Turkey Bend Recreation Area Improvements	-	-	-	-	950	950	5,000
Other Public Services							
Minor Capital	-	190	86	248	184	708	708
Future Subtotal	-	1,366	1,348	3,328	2,208	8,250	12,300
Total Public Service	4,535	5,466	1,848	3,328	2,208	17,385	27,850

Strategic Services Projects

Recommended Strategic Services projects total \$480,000 in FY 2023 and over the next five years through FY 2027. Future projects total \$2.3 million through FY 2027.

FY 2023 Recommended Projects

General Additions – General addition projects will maintain infrastructure and make strategic improvements to enhance customer service in the following area:

- Telecommunications (\$180,000).

Minor Capital – The scope of minor capital projects is to purchase equipment that, essentially, is ready to place in service upon delivery for the following:

- LCRA Environmental Laboratory Services (\$300,000).

Strategic Services Projects (Continued)

Strategic Services

FY 2023 Capital Plan Recommended and Future Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Recommended							
LCRA Environmental Laboratory Services							
Minor Capital	300	-	-	-	-	300	405
Telecommunications							
General Additions	180	-	-	-	-	180	180
Recommended Subtotal	480	-	-	-	-	480	585
Future							
LCRA Environmental Laboratory Services							
Minor Capital	-	150	216	137	105	608	608
Telecommunications							
General Additions	-	290	400	520	510	1,720	1,720
Future Subtotal	-	440	616	657	615	2,328	2,328
Total Strategic Services	480	440	616	657	615	2,808	2,913

Enterprise Support Projects

Enterprise Support capital projects provide the facility services, telecommunications and information technology infrastructure that support the business operations of the organization. LCRA's power, transmission and water rates fund the projects, which makes predicting costs to include in LCRA's rates especially important. Unless an emergency arises, LCRA adjusts Enterprise Support priorities throughout the year to stay within the approved capital plan budget for each fiscal year instead of seeking additional funding authority from the Board.

Recommended and approved Enterprise Support projects total \$52.2 million in FY 2023 and total \$54 million over the next five years through FY 2027. Future projects total \$108.6 million through FY 2027.

FY 2023 Recommended Projects

Communications Shelter Addition – FY 2023 Telecommunications Upgrade (\$2.3 million) – The project scope is to install telecommunications shelters, fiber patch panels, power supply equipment and generators at five fiber backbone facilities. The project will increase the reliability and flexibility of LCRA's telecommunications system and make the system more maintainable.

DWDM Build-out – FY 2023 Telecommunications Upgrade (\$890,000) – The project scope is to improve telecommunication system capacity and reliability by expanding the dense wavelength division multiplexing system to seven sites west of Interstate 35. The equipment will provide increased bandwidth across the fiber backbone and provide alternate circuit paths for telecommunications traffic.

Geographic Information System/Maximo Integration (\$640,000) – The project scope is to purchase and implement additional Clearion modules and the IBM Maximo Spatial solution to enable the integration of Maximo and Clearion. This project will increase accuracy in the scheduling, funding and reporting of maintenance activities in shared right-of-way corridors.

Enterprise Support Projects (Continued)

FY 2023 Recommended Projects (Continued)

Network Stratification – FY 2023 Telecommunications Upgrade (\$600,000) – The project scope is to improve the reliability and operational efficiency of LCRA’s telecommunications system and make it easier to maintain by separating the LCRA corporate network connectivity from LCRA business units with critical traffic at eight locations.

Telecommunications Technology – FY 2023 System Upgrade (\$25 million) – The project scope is to begin a multiyear transition to next generation wireless technology that will improve the reliability, capacity and capability of LCRA’s telecommunications system, as well as make the system more maintainable.

General Additions – General addition projects will maintain infrastructure and improve reliability and safety for the following:

- Digital Services (\$1 million).
- Facilities (\$990,000).
- Public Safety (\$120,000).
- Telecommunications (\$1.75 million).

Minor Capital – The scope of minor capital projects is to purchase equipment that, essentially, is ready to place in service upon delivery for the following:

- Digital Services (\$1.386 million).
- Facilities (\$660,000).
- Public Safety (\$535,000).
- Telecommunications (\$1.08 million).
- Transmission support (\$11.4 million).

Enterprise Support Projects (Continued)

Enterprise Support

FY 2023 Capital Plan Recommended Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year	
						Total	Lifetime
Recommended							
Digital Services							
General Additions	1,000	-	-	-	-	1,000	1,000
Geographic Information System and Maximo Integration	640	-	-	-	-	640	640
Minor Capital	1,386	-	-	-	-	1,386	1,386
Facilities							
General Additions	990	-	-	-	-	990	990
Minor Capital	660	-	-	-	-	660	660
Public Safety							
General Additions	120	-	-	-	-	120	120
Minor Capital	535	-	-	-	-	535	535
Telecommunications							
Communications Shelter Addition – FY 2023 Telecommunications Upgrade	2,300	-	-	-	-	2,300	2,300
DWDM Build-Out – FY 2023 Telecommunications Upgrade	890	-	-	-	-	890	890
General Additions	1,750	-	-	-	-	1,750	1,750
Minor Capital	1,080	-	-	-	-	1,080	1,080
Network Stratification – FY 2023 Telecommunications Upgrade	600	-	-	-	-	600	600
Telecommunications Technology – FY 2023 System Upgrade	25,000	-	-	-	-	25,000	25,000
Transmission Support							
Minor Capital	11,400	-	-	-	-	11,400	11,400
Recommended Subtotal	48,351	-	-	-	-	48,351	48,351

Enterprise Support Projects (Continued)

Enterprise Support

FY 2023 Capital Plan Approved and Future Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Approved							
Digital Services							
Core Switch Upgrade	53	-	-	-	-	53	500
Edge Network Upgrade	1,131	997	-	-	-	2,128	3,500
Network Architecture Security	1,042	-	-	-	-	1,042	3,900
Telecommunications							
Communications Shelter Addition – FY 2022 Telecommunications Upgrade	107	-	-	-	-	107	2,507
Fayette County Network Telecommunications Upgrade	498	-	-	-	-	498	658
Hydro Video Infrastructure Telecommunications Upgrade	19	-	-	-	-	19	303
Network Stratification – FY 2022 Telecommunications Upgrade	35	-	-	-	-	35	325
Radio System Migration – FY 2021 Telecommunications Upgrade	724	762	-	-	-	1,486	2,240
Radio System Power – FY 2022 Telecommunications Upgrade	247	-	-	-	-	247	447
San Angelo Area Radio System Additions	10	-	-	-	-	10	778
Approved Subtotal	3,866	1,759	-	-	-	5,625	15,158
Future							
Digital Services							
Asset and Work Management	-	-	1,000	-	-	1,000	1,000
Energy Trade and Deal Capture	-	-	1,000	-	-	1,000	1,000
Enterprise Resource Planning System	-	-	2,000	-	-	2,000	2,000
General Additions	-	1,000	1,000	3,000	3,000	8,000	8,000
Generation Management System	-	1,200	-	-	-	1,200	1,200
Minor Capital	-	1,050	1,050	1,050	1,050	4,200	4,200
PeopleSoft Commitment Accounting	-	-	500	-	-	500	500
Security Information and Event Management	-	-	2,000	-	-	2,000	2,000
Virtual Private Network	-	500	-	-	-	500	500

Enterprise Support Projects (Continued)

Enterprise Support

FY 2023 Capital Plan Future Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Future (continued)							
Facilities							
General Additions	-	600	900	350	500	2,350	2,350
General Office Complex Main Chillers 1 and 2 Upgrades	-	-	-	200	900	1,100	1,100
General Office Complex Redbud Building Uninterrupted Power Supply Replacement	-	100	425	-	-	525	525
Minor Capital	-	1,235	962	1,781	2,125	6,103	6,103
Public Safety							
Minor Capital	-	761	393	369	368	1,891	1,891
Physical Access Control System – Phase 5	-	500	-	-	-	500	500
Telecommunications							
Communications Shelter Addition – FY 2024 Telecommunications Upgrade	-	2,300	-	-	-	2,300	2,300
Communications Shelter Addition – FY 2025 Telecommunications Upgrade	-	-	2,300	-	-	2,300	2,300
Communications Shelter Addition – FY 2026 Telecommunications Upgrade	-	-	-	2,300	-	2,300	2,300
Communications Shelter Addition – FY 2027 Telecommunications Upgrade	-	-	-	-	2,300	2,300	2,300
DWDM Build-Out – FY 2024 Telecommunications Upgrade	-	700	-	-	-	700	700
DWDM Build-Out – FY 2025 Telecommunications Upgrade	-	-	700	-	-	700	700
DWDM Build-Out – FY 2026 Telecommunications Upgrade	-	-	-	700	-	700	700
DWDM Build-Out – FY 2027 Telecommunications Upgrade	-	-	-	-	700	700	700
Far West Radio Telecommunications Upgrades	-	-	800	800	800	2,400	2,400
General Additions	-	1,350	1,350	1,350	1,350	5,400	5,400
Hi Cross-Austin Fiber – FY 2025 Telecommunications Upgrade	-	-	500	-	-	500	500
Hi Cross-Austin Fiber – FY 2026 Telecommunications Upgrade	-	-	-	700	-	700	700
Hilbig Gas Storage Facility Transport – FY 2024 Telecommunications Upgrade	-	525	-	-	-	525	525
Hilbig Gas Storage Facility Transport – FY 2025 Telecommunications Upgrade	-	-	400	-	-	400	400
Llano Network Telecommunications Upgrade	-	600	400	-	-	1,000	1,000

Enterprise Support Projects (Continued)

Enterprise Support

FY 2023 Capital Plan Future Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Future (continued)							
Telecommunications (continued)							
Minor Capital	-	696	950	753	753	3,152	3,152
Network Stratification – FY 2024 Telecommunications Upgrade	-	500	-	-	-	500	500
Radio Subscriber – FY 2025 Telecommunications Upgrade	-	-	700	-	-	700	700
Radio System Core Telecommunications Upgrade	-	1,000	1,000	-	-	2,000	2,000
Radio System Migration – FY 2024 Telecommunications Upgrade	-	1,250	1,250	-	-	2,500	2,500
Transmission Support							
Minor Capital	-	12,000	12,000	10,000	10,000	44,000	44,000
Future Subtotal	-	27,867	33,580	23,353	23,846	108,646	108,646
Total Enterprise Support	52,217	29,626	33,580	23,353	23,846	162,622	172,155

Appendix

LCRA Consolidated (Including Nonprofit Corporations)

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Total Net Revenue¹	\$ 1,039.3	1,132.8	1,154.4	1,287.9	1,361.9	1,404.2
Expenses						
Total Net Expense¹	572.9	655.7	671.0	697.0	731.9	756.1
Net Operating Margin	466.4	477.1	483.5	591.0	630.0	648.1
Less: GenTex Funds ²	(3.2)	(5.8)	(0.1)	(0.8)	(2.1)	(1.0)
Net Margin for Debt Service, Adjusted	463.2	471.3	483.4	590.2	627.9	647.0
Debt Service	\$ 325.3	326.0	345.5	395.8	412.7	431.4
Debt Service Coverage, Adjusted	1.42x	1.45x	1.40x	1.49x	1.52x	1.50x
Net Margin After Debt Service³	\$ 141.2	151.1	137.9	195.1	217.3	216.6
Less:						
Operating Reserves	23.4	36.8	22.8	22.0	20.7	15.4
Revenue-Funded Capital	107.0	131.9	113.2	163.2	183.1	182.8
Noncash Revenue	2.6	2.6	2.6	2.6	2.6	1.9
Restricted for Reserves	2.5	(23.1)	(3.3)	4.6	8.1	8.9
Restricted for Capital/Debt Retirement	3.2	0.3	0.1	0.1	0.2	5.1
Grants	2.6	2.6	2.6	2.6	2.6	2.6
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

¹ Total net revenues and total net expenses are net of intracompany transfers. Total revenues include interest income. Operations and maintenance expense excludes the LCRA TSC capital charge, which is a capital expense for LCRA consolidated.

² Includes adjustments related to GenTex capital funding and reserve funding.

³ Net margin after debt service includes funds dedicated to GenTex.

Wholesale Power (Including Nonprofit Corporations)

Confidential competitive electric information has been removed from this version of the document.

LCRA TSC

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$ 538.8	565.1	587.5	697.4	740.4	768.5
Operations and Maintenance	136.7	143.1	150.4	148.1	153.9	157.7
Net Operating Margin	402.2	422.0	437.2	549.3	586.6	610.8
Plus: Interest Income	1.1	0.8	1.3	2.0	2.8	2.7
Less: Assigned Enterprise Expense	60.8	64.4	70.5	77.8	80.1	82.3
Public Service Fund	16.2	17.0	17.6	20.9	22.2	23.1
Resource Development Fund	10.8	11.3	11.8	13.9	14.8	15.4
Net Margin Available for Debt Service	315.6	330.1	338.6	438.6	472.2	492.9
Debt Service	\$ 231.6	242.7	257.1	306.8	323.3	340.2
Debt Service Coverage	1.36x	1.36x	1.32x	1.43x	1.46x	1.45x
Net Margin After Debt Service	\$ 83.9	87.4	81.5	131.8	148.9	152.6
Less:						
Operating Reserves	12.1	14.7	13.5	12.2	10.6	9.8
Assigned Enterprise Capital	14.4	11.6	12.0	14.8	9.8	10.0
Assigned Transmission Minor Capital	9.2	11.3	11.9	11.9	9.9	9.9
Revenue-Funded Capital	60.0	82.3	59.7	110.7	137.9	140.9
Transfer to LCRA	1.1	0.0	0.0	0.0	0.0	0.0
Plus:						
Amortization of Enterprise/Minor Capital ¹	12.8	13.5	15.6	17.8	19.4	18.0
Asset Sale	0.0	19.0	0.0	0.0	0.0	0.0
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

¹ In FY 2012, LCRA TSC began funding minor capital and its share of enterprise capital with current year revenues. It will include an amortization of the amount in each year to recover in rates.

Water

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Firm Water	\$ 26.2	27.9	27.9	28.7	29.9	30.0
Agriculture	9.7	9.1	9.6	10.3	12.1	13.6
Other	3.0	2.7	2.1	2.0	2.0	1.9
Total Revenues	38.9	39.8	39.6	40.9	43.9	45.5
Operations and Maintenance	18.9	18.2	17.5	17.8	18.0	18.2
Net Operating Margin	20.0	21.6	22.1	23.2	25.9	27.3
Plus: Interest Income	0.6	0.8	1.0	1.2	1.3	1.4
Less: Assigned Enterprise Expense	5.6	5.0	7.0	7.9	7.8	7.9
Public Service Fund	1.1	1.1	1.1	1.2	1.3	1.3
Resource Development Fund	0.5	0.6	0.6	0.6	0.6	0.6
Net Margin Available for Debt Service	13.3	15.8	14.4	14.7	17.6	18.9
Debt Service	\$ 18.3	21.0	23.7	24.3	24.6	26.3
Debt Service Coverage	0.73x	0.75x	0.61x	0.60x	0.71x	0.72x
Plus: Resource Development Funding	\$ 13.5	14.9	16.2	16.5	16.6	16.7
Debt Service Coverage, Adjusted	1.47x	1.46x	1.29x	1.28x	1.39x	1.35x
Net Margin After Debt Service	8.6	9.7	6.9	6.9	9.5	9.3
Less:						
Operating Reserves	0.6	0.0	0.3	0.3	0.0	0.1
Assigned Enterprise Capital	1.0	0.7	0.7	0.9	0.6	0.7
Revenue-Funded Capital	7.8	9.5	6.8	6.5	7.6	6.6
Noncash Revenues	1.9	1.9	1.9	1.9	1.9	1.9
Plus:						
Agricultural Reserve	2.7	2.4	2.8	2.6	0.5	0.0
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

Strategic Services

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$ 12.0	21.7	14.6	14.8	15.2	15.4
Operations and Maintenance	8.4	19.0	11.9	9.4	9.6	9.6
Net Operating Margin	3.6	2.7	2.7	5.4	5.6	5.8
Less: Assigned Enterprise Expense	2.9	3.5	3.4	3.4	3.4	3.5
Public Service Fund	0.3	0.6	0.4	0.4	0.5	0.5
Resource Development Fund	0.1	0.4	0.3	0.3	0.3	0.3
Net Margin Available	\$ 0.2	(1.9)	(1.4)	1.2	1.4	1.5
Debt Service	\$ 0.0	0.0	0.2	0.2	0.2	0.2
Net Margin After Debt Service	0.2	(1.9)	(1.6)	1.1	1.3	1.3
Less:						
Operating Reserves	0.0	2.6	0.4	0.2	0.6	0.7
Revenue-Funded Capital	0.3	0.0	0.2	0.2	0.1	0.1
Assigned Enterprise Capital	0.6	0.6	0.6	0.7	0.5	0.4
Assigned Transmission Minor Capital	0.1	0.1	0.1	0.1	0.1	0.1
Plus:						
Prior-Year Reserves	0.7	5.1	2.8	0.1	0.0	0.0
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

LCRA TSC Approved Projects

LCRA Transmission Services Corporation

FY 2023 Capital Plan Approved Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Generation Interconnection Projects							
Cedar Canyon Circuit Breaker Addition	54	-	-	-	-	54	5,100
King Mountain Substation Upgrade	211	-	-	-	-	211	3,827
Muldoon Substation Addition	6,185	27	-	-	-	6,212	8,200
Twelvemile Substation Addition	290	8,567	-	-	-	8,857	8,857
Generation Interconnection Projects Subtotal	6,740	8,594	-	-	-	15,334	25,984
Service Reliability Projects							
Asphalt Mines Substation Addition	1,307	-	-	-	-	1,307	2,416
Autotransformer Monitoring – FY 2022 Telecommunications Upgrade	10	-	-	-	-	10	700
Bastrop West-Split Transmission Line Storm Hardening	3,220	10	-	-	-	3,230	4,000
Buchanan CTEC-Buchanan Transmission Line Overhaul	445	-	-	-	-	445	8,800
Bypass Switch Addition Substation Upgrade	10	-	-	-	-	10	1,700
Capacitor Bank – FY 2022 Substation Upgrade	10	-	-	-	-	10	1,200
Circuit Switcher – FY 2022 Substation Upgrade	2,744	-	-	-	-	2,744	3,600
Clear Fork-Robert Brown Jr. Transmission Line Overhaul	256	-	-	-	-	256	8,731
Clear Springs No. 2 Autotransformer Upgrade	100	-	-	-	-	100	6,800
Coronado-Fairland Transmission Line Upgrade	55	-	-	-	-	55	7,600
Coronado-Sherwood Shores Transmission Line Storm Hardening	40	-	-	-	-	40	16,556
Easement Enhancement – FY 2019 System Upgrade	10	-	-	-	-	10	4,147
El Campo-Ricebird Transmission Line Storm Hardening	6,363	-	-	-	-	6,363	10,000
Fairland-Lago Vista Transmission Line Upgrade	12,279	11	-	-	-	12,290	13,700
Fayetteville Substation Upgrade	32	-	-	-	-	32	19,452
Gabriel Substation Upgrade	10	-	-	-	-	10	23,696
Gonzales-Hochheim Tap Transmission Line Overhaul	23,668	-	-	-	-	23,668	24,900
Graphite Mine Circuit Breaker Addition	85	-	-	-	-	85	13,834
Harper Road-Jack Furman Transmissin Line Storm Hardening	4,281	-	-	-	-	4,281	5,800
Hays Energy-Kendall Easement Enhancement System Upgrade	750	-	-	-	-	750	1,500
Hi Cross-Marshall Ford Transmission Line Relocation	64	-	-	-	-	64	1,800

LCRA TSC Approved Projects (Continued)

LCRA Transmission Services Corporation FY 2023 Capital Plan Approved Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year	
						Total	Lifetime
Service Reliability Projects (continued)							
Hortontown Substation Upgrade	10	-	-	-	-	10	5,000
Instrument Transformer – FY 2021 Substation Upgrade	152	-	-	-	-	152	1,265
Instrument Transformer – FY 2022 Substation Upgrade	748	1,000	-	-	-	1,748	2,100
Kempner Circuit Breaker Addition	118	-	-	-	-	118	10,612
Kendall-Mountain Top Fiber Restoration and Upgrade	26	-	-	-	-	26	4,700
Kerville Stadium Substation Upgrade	1,483	10	-	-	-	1,493	2,000
Lampasas Substation Upgrade	3,890	-	-	-	-	3,890	14,200
LCRA TSC Fiber Build-out – FY 2019 Telecommunications Upgrade	5,769	-	-	-	-	5,769	51,061
Lightning Protection Substation Upgrade	944	-	-	-	-	944	2,500
Lockhart-Luling Transmission Line Overhaul	1,077	17	-	-	-	1,094	1,438
Lockhart-Red Rock Transmission Line Overhaul	11,879	10	-	-	-	11,889	13,500
Lockhart-Split Transmission Line Upgrade	6,506	18	-	-	-	6,524	8,000
Magnolia Mercer Circuit Breaker Addition	10	-	-	-	-	10	7,812
Marion Autotransformer Upgrade	9,079	-	-	-	-	9,079	14,400
Microwave Optimization – FY 2022 Telecommunications Upgrade	124	-	-	-	-	124	400
Mobile Substation Power Transformer Addition	1,692	-	-	-	-	1,692	3,800
Multiprotocol Label Switching Network Timing Telecommunications Upgrade	10	-	-	-	-	10	600
Obsolete Circuit Breaker Replacement – FY 2019 Substation Upgrade	915	-	-	-	-	915	2,979
Out-of-Band Management Switch Replacement – FY 2022 Telecommunications Upgrade	727	-	-	-	-	727	2,600
Physical Security – FY 2021 Substation Upgrade	11	-	-	-	-	11	13,400
Physical Security – FY 2022 Substation Upgrade	2,484	39	-	-	-	2,523	5,400
Protective Relaying – FY 2021 System Upgrade	12	-	-	-	-	12	5,400
Red Rock-Tahitian Village Transmission Line Overhaul	232	-	-	-	-	232	15,700
Remote Terminal Unit – FY 2022 Substation Upgrade	229	-	-	-	-	229	2,600
Remote Terminal Unit MPLS Migration – FY 2021 Telecommunications Upgrade	10	-	-	-	-	10	1,360
Robert Brown Jr.-San Marcos Transmission Line Overhaul	346	-	-	-	-	346	6,306
Sandy Creek Autotransformer Upgrade	1,942	117	-	-	-	2,059	3,600

LCRA TSC Approved Projects (Continued)

LCRA Transmission Services Corporation

FY 2023 Capital Plan Approved Projects

(Dollars in thousands)

Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total	Lifetime
Service Reliability Projects (continued)							
Sim Gideon-Tahitian Village Transmission Line Storm Hardening	8,708	41	-	-	-	8,749	10,300
Switch Automation – FY 2022 Substation Upgrade	451	10	-	-	-	461	2,300
System Operations Control Center Backup Center System Upgrade	1,729	-	-	-	-	1,729	2,100
System Operations Control Center Outage Coordination Tool System Upgrade	138	-	-	-	-	138	1,890
Transmission Metering – FY 2020 Substation Upgrade	126	-	-	-	-	126	2,060
Transport Network Power – FY 2021 Telecommunications Upgrade	10	-	-	-	-	10	531
Transport Network Power – FY 2022 Telecommunications Upgrade	111	-	-	-	-	111	600
Turtle Creek-Verde Creek Transmission Line Overhaul	21	-	-	-	-	21	9,779
Weimar Circuit Breaker Addition	21	-	-	-	-	21	6,036
Service Reliability Projects Subtotal	117,479	1,283	-	-	-	118,762	419,261
System Capacity Projects							
Bakersfield-Big Hill Transmission Line Addition	12,969	10	-	-	-	12,979	27,500
Bluestem Substation Addition	120	-	-	-	-	120	10,900
Crane Circuit Breaker Addition	795	-	-	-	-	795	1,396
Hilltop-Ranch Road 12 Transmission Line Upgrade	400	-	-	-	-	400	9,300
Hilltop-Strahan Transmission Line Upgrade	5,755	-	-	-	-	5,755	8,400
Hornsby Substation Addition	31,958	1,031	-	-	-	32,989	75,756
McCarty Lane-Ranch Road 12 Transmission Line Upgrade	100	-	-	-	-	100	17,100
Motorman Substation Addition	288	-	-	-	-	288	7,613
Mountain Home Substation and Transmission Line Addition	33,771	3,672	-	-	-	37,443	79,089
Sheriff's Posse Circuit Breaker Addition	150	-	-	-	-	150	1,132
Swiftex Substation Upgrade	1,349	-	-	-	-	1,349	2,848
System Capacity Projects Subtotal	87,655	4,713	-	-	-	92,368	241,034
Third-Party Funded Projects							
Broadband Easement Enhancement – FY 2022 Upgrade	2,878	2,731	-	-	-	5,609	7,268
Third-Party Funded Projects Subtotal	2,878	2,731	-	-	-	5,609	7,268
Approved Subtotal	214,752	17,321	-	-	-	232,073	693,547

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