

LCRA Transmission Services Corporation

Board Agenda

Tuesday, Dec. 11, 2018
LCRA Board Room
Austin

Items from the Chief Executive Officer

CEO/COO Update

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

Legal Notice

Although this is the expected agenda, the Board may discuss or take action on any item listed in the legal notice, which may include some items not currently on the Board agenda. Legal notices are available on the Texas Secretary of State website 72 hours prior to the meeting at the following link: <http://www.sos.state.tx.us/open/>.

Executive Session

The Board may go into executive session for deliberation on the matters listed in the legal notice posted pursuant to Chapter 551 of the Texas Government Code.

The Board may take final action on any of the executive session matters upon reconvening in open session pursuant to Chapter 551 of the Texas Government Code.

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 percent 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.

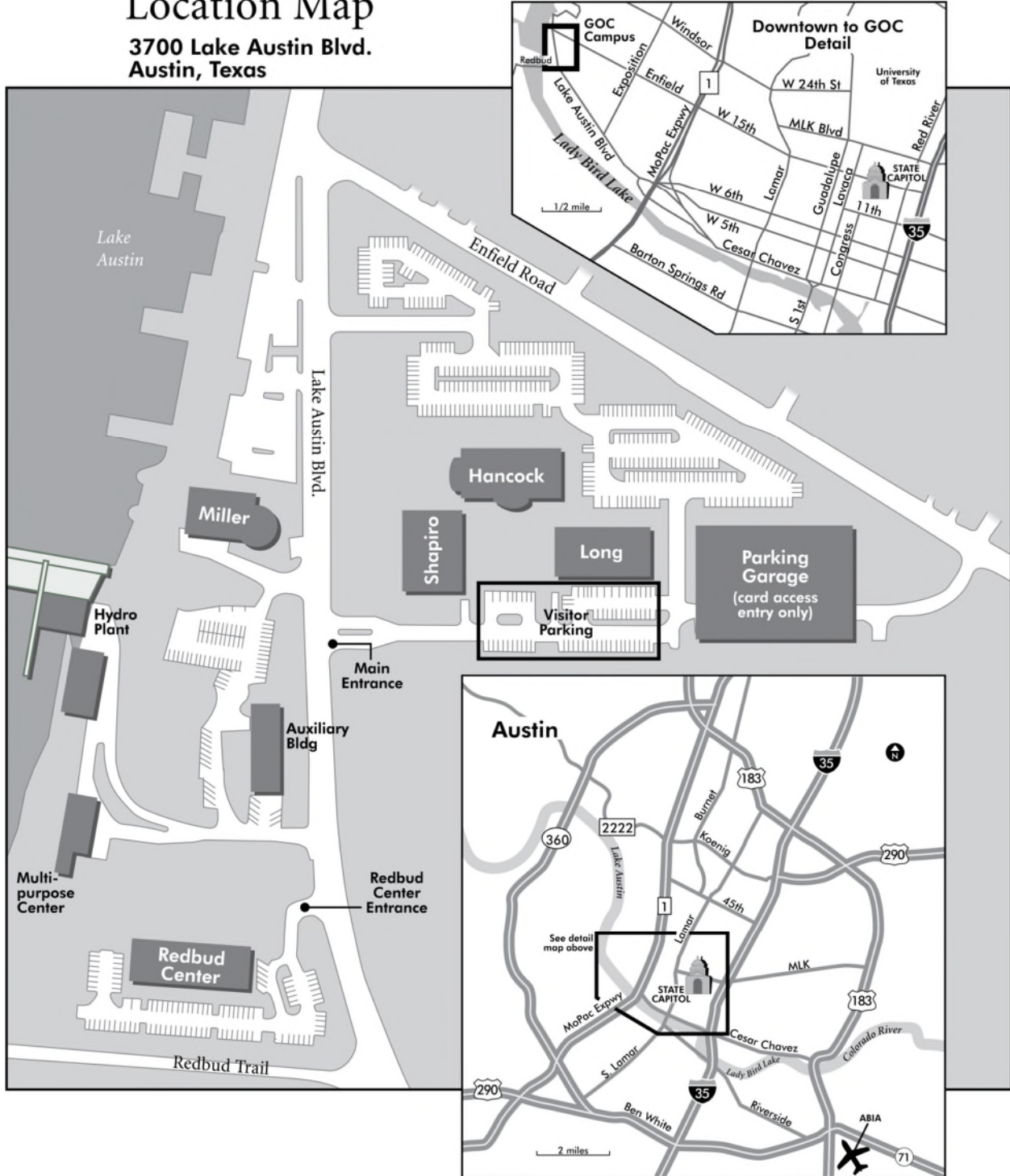
Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services 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.

The LCRA TSC Board Policy on Authority and Responsibilities directs that the business plan of the affiliated corporation include for approval a schedule of capital projects proposed for the fiscal year. The policy also states that only deviations from the approved plan will be brought before LCRA TSC Board. As such, the LCRA TSC Board agenda will not include consent items to approve specific capital projects, unless the project scope or budget changes significantly from what was originally approved.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR ACTION (CONSENT)

1. Conveyance of Easement in Guadalupe County

Proposed Motion

Authorize the chief executive officer or his designee to convey to the City of Seguin a sanitary sewer line easement containing 0.053 of an acre across the LCRA Transmission Services Corporation (LCRA TSC) Jim Briley Substation property in Guadalupe County.

Board Consideration

Section 8503.020 (b) of the Texas Special District Local Laws Code requires the approval of three-fourths of the LCRA TSC Board's statutory membership (12 members) before the conveyance of any interest in real property. LCRA TSC Board Policy – T401 Land Resources requires Board approval for easements across LCRA TSC land.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this sanitary sewer line easement were included in the Board-approved fiscal year 2018 LCRA TSC capital plan for the Jim Briley Substation Addition project.

Summary

The City of Seguin owns a sewer main north of the Jim Briley Substation access road in Guadalupe County. The city has requested that LCRA TSC grant it a 25-foot sanitary sewer line easement across the substation property adjacent to State Highway 123 to extend the sanitary sewer line south.

The easement will include provisions necessary to protect LCRA TSC's property. LCRA staff reviewed the plans for the sanitary sewer line and found no adverse operational impacts from the sale of the easement. LCRA will complete and document environmental and cultural due diligence assessments in accordance with LCRA TSC Board Policy 401.

Staff requests the Board authorize the conveyance of this easement to The City of Seguin.

Exhibit(s)

- A – Vicinity map
- B – Site map

EXHIBIT A

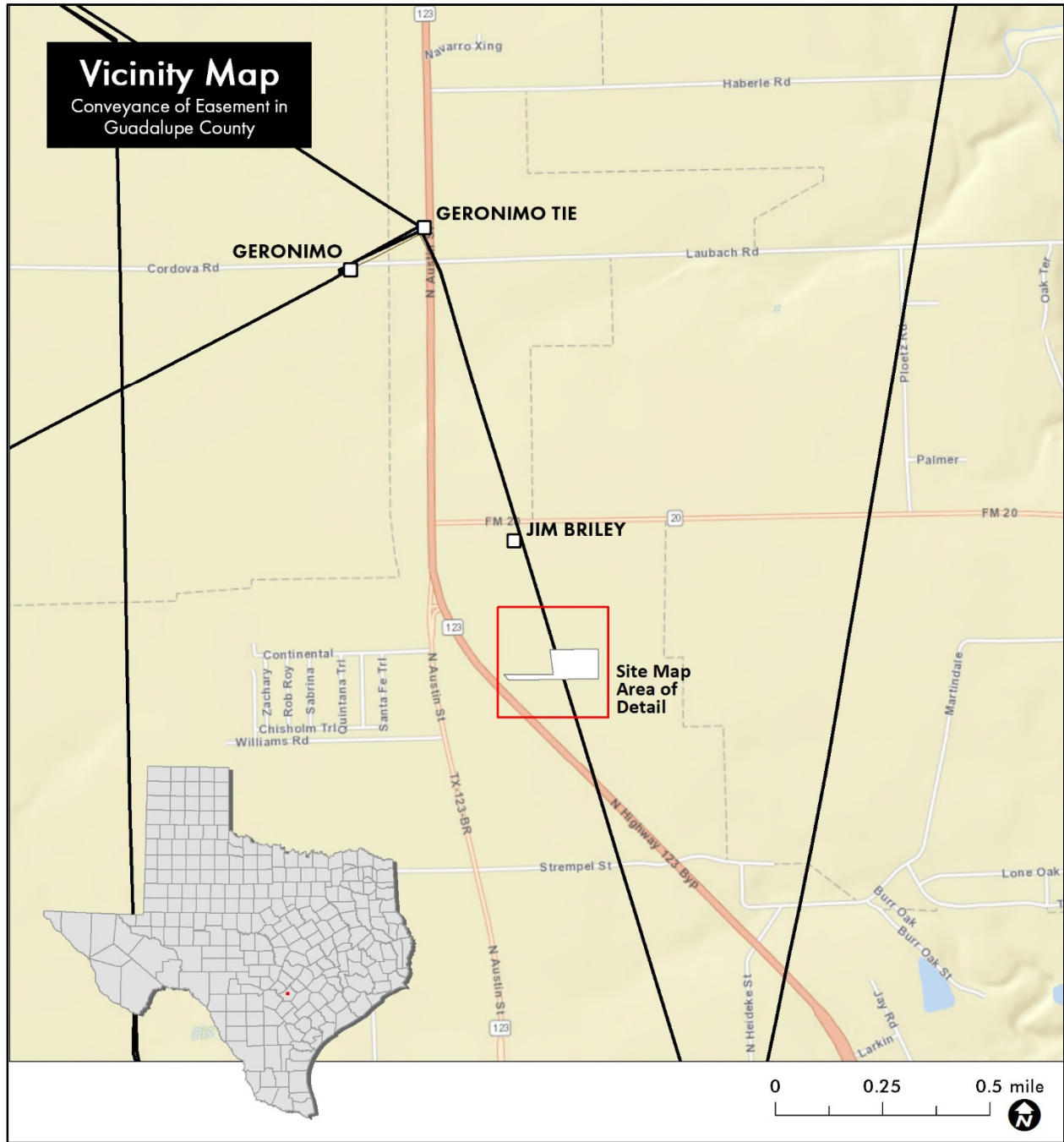


EXHIBIT B



FOR ACTION (CONSENT)

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Oct. 17, 2018, 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 Oct. 17, 2018, meeting

EXHIBIT A

Minutes Digest

Oct. 17, 2018

- 18-43 Declaration of 37 lots totaling 7.276 acres in Guadalupe County nonessential and authorization for the president and chief executive officer or his designee to sell the lots to the City of Schertz.
- 18-44 Declaration of a 0.375-acre tract in DeWitt County nonessential and authorization for the president and chief executive officer or his designee to sell the property to Chris and Roxanne Buesing.
- 18-45 Approval of the minutes of the Aug. 22, 2018, meeting.
- 18-46 Approval of the adoption by LCRA of the Twenty-Seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the amendment and the extension of the Amended and Restated Note Purchase Agreement among LCRA, LCRA Transmission Services Corporation and Bank of America N.A. for the LCRA Transmission Contract Revenue Notes, Series C and Taxable Series C. Authorization for the chief executive officer or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to Bank of America in an amount up to \$150 million for the Series C Notes.
- 18-47 Approval of the adoption by LCRA of the Amended and Restated Twenty-Fourth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize an increase in the capacity of the LCRA Transmission Contract Revenue Notes, Tax-Exempt Series D and other amendments. Authorization for the chief executive officer or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of such notes to RBC Capital Markets LLC in an amount up to \$150 million, including but not limited to, a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and the RBC Capital Markets LLC, a new noteholder agreement between LCRA, LCRA TSC and the RBC Municipal Products LLC, and an amended and restated supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC.
- 18-48 Approval of the Capital Improvement Project Authorization Request for the Leander-to-Round Rock Transmission Line Addition project.

- 18-49 Adoption of a resolution authorizing the use of the power of eminent domain in Williamson County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements and an electric substation site for the Leander-to-Round Rock Transmission Line Addition project.
- 18-50 Adoption of a resolution authorizing the use of the power of eminent domain in Austin County to acquire rights in the property described in Exhibit 1 to the resolution for the New Bremen Circuit Breaker Addition project.
- 18-51 Approval of revisions to LCRA Transmission Services Corporation Board Policy T401 – Land Resources.
- 18-52 Authorization for the president and chief executive officer or his designee to negotiate and purchase an electric transmission line easement for the Henne-to-Comal Transmission Line Upgrade project in Comal County; and further authorization for the president and chief executive officer or his designee to do all things necessary to accomplish the purposes hereof.
- 18-53 Authorization for the president and chief executive officer or his designee to negotiate and acquire a substation site in fee simple and electric transmission line easements for the Leander-to-Round Rock Transmission Line Addition project in Williamson County; and further authorization for the president and chief executive officer or his designee to do all things necessary to accomplish the purposes hereof.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Oct. 17, 2018

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 8:45 a.m. Wednesday, Oct. 17, 2018, 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 meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Thomas Michael Martine, Vice Chair
Lori A. Berger
Stephen F. "Steve" Cooper
Joseph M. "Joe" Crane
Pamela Jo "PJ" Ellison
Laura D. Figueroa
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
George W. Russell
Franklin Scott Spears Jr.
Martha Leigh M. Whitten
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 8:45 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Spears provided an invocation.

President and Chief Executive Officer Phil Wilson gave the Board updates on LCRA TSC's capital plan progress; the status of engineer-procedure-construct projects; and Certificate of Convenience and Necessity projects, including the Cooks Point Substation and Transmission Line Addition project, Bakersfield-to-Solstice Transmission Line Addition project, and the proposed Mountain Home Substation and Transmission Line project.

Vice President and Chief Operating Officer Kristen Senechal provided information regarding LCRA TSC's operational performance, including safety, congestion and reliability metrics; discussed growth opportunities in the Transmission business; and thanked the Operations and Maintenance team for the quick response and efforts to minimize the impact to customers following severe storms over the past month.

Controller Julie Rogers presented the financial report for September 2018 [Agenda Item 1].

The Board next took action on the consent agenda. Upon motion by Director Ellison, seconded by Director Spears, the Board unanimously approved consent items 2, 3 and 4 included on the Oct. 17, 2018, consent agenda by a vote of 15 to 0 as follows:

18-43 Declaration of 37 lots totaling 7.276 acres in Guadalupe County nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA TSC) and authorization for the president and chief executive officer or his designee to sell the lots to the City of Schertz, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

18-44 Declaration of a 0.375-acre tract in DeWitt County nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA TSC) and authorization for the president and chief executive officer or his designee to sell the property to Chris and Roxanne Buesing, as recommended by staff in Consent Item 3 [attached hereto as Exhibit B].

18-45 Approval of the minutes of the Aug. 22, 2018, meeting [Consent Item 4].

18-46 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit C], that the Board approve the adoption by LCRA of the Twenty-Seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the amendment and the extension of the Amended and Restated Note Purchase Agreement among LCRA, LCRA Transmission Services Corporation and Bank of America N.A. for the LCRA Transmission Contract Revenue Notes, Series C and Taxable Series C. Further, authorize the chief executive officer or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to Bank of America in an amount up to \$150 million for the Series C Notes. Upon motion by Director Johnson, seconded by Director Gill, the recommendation was unanimously approved by a vote of 15 to 0.

18-47 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit D], that the Board approve the adoption by LCRA of the Amended and Restated Twenty-Fourth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize an increase in the capacity of the LCRA Transmission Contract Revenue Notes, Tax-Exempt Series D and other amendments. Further, authorize the chief executive officer or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of such notes to RBC Capital Markets LLC in an amount up to \$150 million, including but not limited to, a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and the RBC Capital Markets LLC, a new noteholder agreement between LCRA, LCRA TSC and the RBC Municipal Products

LLC, and an amended and restated supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC. Upon motion by Director Gill, seconded by Director Berger, the recommendation was unanimously approved by a vote of 15 to 0.

18-48 Vice President of Transmission Planning Kristian Koellner presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit E], that the Board approve the Capital Improvement Project Authorization Request for the Leander-to-Round Rock Transmission Line Addition project. Upon motion by Director Berger, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 15 to 0.

18-49 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 8 – Acquisition of Interests in Real Property – Use of Eminent Domain in Williamson County [attached hereto as Exhibit F]. Director Berger moved, seconded by Director Cooper, that the Board adopt the attached resolution; that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements and an electric substation site for the Leander-to-Round Rock Transmission Line Addition project; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 15 to 0.

18-50 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 9 – Acquisition of Interests in Real Property – Use of Eminent Domain in Austin County [attached hereto as Exhibit G]. Director Berger moved, seconded by Director Kelley, that the Board adopt the attached resolution; that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the New Bremen Circuit Breaker Addition project; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 15 to 0.

18-51 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board approve revisions to LCRA Transmission Services Corporation Board Policy T401 – Land Resources. Upon motion by Director Cooper, seconded by Director Spears, the recommendation was unanimously approved by a vote of 15 to 0.

Chair Timmerman declared the meeting to be in executive session at 9:25 a.m., pursuant to sections 551.071 and 551.072 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 9:30 a.m.

18-52 Director Ellison moved, seconded by Director Johnson, that the Board authorize the president and chief executive officer or his designee to negotiate and purchase an electric transmission line easement for the Henne-to-Comal Transmission Line Upgrade project in Comal County as discussed in executive session; and further authorize the president and chief executive officer or his designee to do all things necessary to accomplish the purposes hereof. The Board unanimously approved the motion by a vote of 15 to 0.

18-53 Director Berger moved, seconded by Director Whitten, that the Board authorize the president and chief executive officer or his designee to negotiate and acquire a substation site in fee simple and electric transmission line easements for the Leander-to-Round Rock Transmission Line Addition project in Williamson County as discussed in executive session; and further authorize the president and chief executive officer or his designee to do all things necessary to accomplish the purposes hereof. The Board unanimously approved the motion by a vote of 15 to 0.

There being no further business to come before the Board, the meeting was adjourned at 9:32 a.m.

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation

Approved: Dec. 11, 2018

FOR ACTION

3. Delegation of Authority to the President and Chief Executive Officer – Previously Approved Projects

Proposed Motion

Approve the attached resolution delegating authority to the president and chief executive officer on a short-term basis to approve additional funding for capital projects expected to exceed a lifetime budget by 10 percent and \$300,000.

Board Consideration

LCRA TSC Board Policy T301 – Finance requires Board of Directors approval for any previously approved project expected to exceed its lifetime budget by 10 percent and \$300,000.

Budget Status and Fiscal Impact

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

Summary

At its Feb. 14, 2018, meeting, the Board delegated authority to the president and CEO on a short-term basis to approve budget increases for capital projects expected to exceed a lifetime budget by 10 percent and \$300,000. Staff believes the change has increased efficiency in maintaining project schedules and minimized risk in completing projects while ensuring proper review of the project funding; however, the temporary delegation of authority will expire Dec. 31, 2018. Staff recommends that the delegation of authority be extended through Dec. 31, 2019.

Projects initiated in fiscal years 2018 and 2019 have lifetime budgets estimated without contingency. The approved funding for these projects was based on an estimate that reflects an accuracy range of minus 10 percent to plus 25 percent. Board Policy T301 requires a project budget reset with approval by the Board when a project budget reaches 10 percent more than its approved lifetime budget.

Presenter(s)

Jim Travis
Chief Financial Officer

Phil Wilson
President and Chief Executive Officer

Exhibit(s)

A – Resolution

EXHIBIT A

RESOLUTION DELEGATING AUTHORITY TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER ON A SHORT-TERM BASIS TO APPROVE ADDITIONAL FUNDING FOR CAPITAL PROJECTS EXPECTED TO EXCEED A LIFETIME BUDGET BY 10 PERCENT AND \$300,000

WHEREAS, Board Policy T301 – Finance requires Board approval of additional funding if an approved capital project is expected to exceed its lifetime budget by 10 percent and \$300,000; and

WHEREAS, the Board previously delegated to the president and chief executive officer on a temporary basis the authority to approve additional funding if an approved capital project is expected to exceed its lifetime budget by 10 percent and \$300,000, with such delegation terminating on Dec. 31, 2018; and

WHEREAS, the Board desires to extend the delegation of authority to the president and chief executive officer;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby delegates to the president and CEO the authority to approve additional funding for any approved capital project expected to exceed its lifetime budget by 10 percent and \$300,000, so long as any such additional funding is available within the capital plan approved by the Board and subject to the following:

- Prior to the approval of additional funding, the president and CEO shall consult with the treasurer and chief financial officer and the vice president and chief operating officer.
- The authority delegated to the president and CEO may not be re-delegated by the president and CEO.
- The president and CEO shall report to the Board on a quarterly basis all project funding approved by the president and CEO pursuant to this delegated authority.
- This delegation of authority shall terminate on Dec. 31, 2019.

FOR ACTION

4. Delegation of Authority to the President and Chief Executive Officer – New Generation Interconnection Projects

Proposed Motion

Approve the attached resolution delegating authority to the president and chief executive officer on a short-term basis to approve capital projects associated with generation interconnection projects not included in the approved capital plan, in each case only after the generator has provided appropriate financial security to LCRA Transmission Services Corporation for its expenses.

Board Consideration

LCRA TSC Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million that is not included in the annual capital plan.

Budget Status and Fiscal Impact

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

Summary

At its Feb. 14, 2018, meeting, the Board delegated authority to the president and chief executive officer on a short-term basis to approve all capital projects associated with generation interconnection projects not included in the approved capital plan, in each case only after the generator has provided appropriate financial security to LCRA TSC for its expenses. The temporary delegation of authority will expire Dec. 31, 2018. Staff recommends that the delegation of authority be extended through Dec. 31, 2019.

The Public Utility Regulatory Act and Public Utility Commission of Texas rules require transmission utilities to provide transmission service to wholesale market participants, including generation facilities owned by independent power producers. This requirement includes constructing new facilities and modifying existing ones.

Through an Electric Reliability Council of Texas process, a generation developer requests an interconnection to LCRA TSC's facilities. LCRA TSC negotiates an interconnection agreement with the generation developer to connect the generation facilities to the existing transmission system. After an interconnection agreement is signed, the generator must post financial security to cover the transmission utility's expenses.

The renewable energy tax credits are set to expire by 2021, and they will be reduced each year until 2021. This has significantly increased the number of requests by wind and solar developers to connect to LCRA TSC's facilities. Staff currently is working on 22 generation interconnection requests and expects at least 12 of these to exceed the president and CEO's current approval authority by the end of 2019. With the reduction and expiration of the tax credits, generators are requesting very aggressive project schedules. Project schedules typically are very short because generators are unwilling to provide financial security to LCRA TSC until they have signed a power sale agreement for the facility.

Extension of the delegation of this authority to the president and CEO will allow staff to continue to efficiently maintain project schedules and minimize risk in completing projects by the in-service date requested by the generator.

Presenter(s)

Jim Travis
Chief Financial Officer

Phil Wilson
President and Chief Executive Officer

Exhibit(s)

A – Resolution

EXHIBIT A

RESOLUTION DELEGATING AUTHORITY TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER ON A SHORT-TERM BASIS TO APPROVE GENERATION INTERCONNECTION-RELATED CAPITAL PROJECTS

WHEREAS, Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million that is not included in the annual capital plan; and

WHEREAS, the Board previously delegated to the president and chief executive officer authority to approve all capital projects associated with new generation interconnect projects, subject to certain limitations, with such delegation terminating on Dec. 31, 2018; and

WHEREAS, the Board desires to extend the delegation of authority to the president and chief executive officer;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby delegates to the president and CEO the authority to approve all capital projects associated with generation interconnection projects not included in the approved capital plan, in each case only after the generator has provided appropriate financial security to LCRA Transmission Services Corporation for its expenses, subject to the following:

- Prior to the approval of any generation interconnection capital project, the president and CEO shall consult with the treasurer and chief financial officer and the vice president and chief operating officer.
- The approval by the president and CEO must meet the official intent requirements set forth in Section 1.150-2 of the IRS Treasury Regulations.
- The approval must not cause total capital expenditures to exceed the approved capital plan or materially adversely impact business planning assumptions.
- The authority delegated to the president and CEO may not be re-delegated by the president and CEO.
- The president and CEO shall report to the Board on a quarterly basis all generation interconnection projects approved by the president and CEO pursuant to this delegated authority.
- This delegation of authority shall terminate on Dec. 31, 2019.

FOR ACTION

5. New Capital Improvement Project Approval – Marble Falls Double-Circuit Transmission Line Upgrade

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the Marble Falls Double-Circuit Transmission Line Upgrade project.

Board Consideration

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million that is not included in the annual capital plan or any previously approved project expected to exceed its lifetime budget by 10 percent and \$300,000.

Budget Status and Fiscal Impact

- The project is not included in LCRA TSC's fiscal year 2019 capital plan.
- Staff seeks approval for a total lifetime budget of \$3,374,000, of which staff expects to spend \$711,000 this fiscal year.
- The proposed lifetime budget for the project does not include contingency.
- Staff expects this additional spending will impact the existing FY 2019 capital budget. Staff will continue to monitor the FY 2019 forecast and will request a fiscal budget increase as appropriate.
- Project costs will be funded through LCRA TSC regulated rates, pending approval by the Public Utility Commission of Texas.

Summary

Staff recommends the Marble Falls Double-Circuit Transmission Line Upgrade project located in Burnet County as an addendum to the FY 2019 capital plan. The project will allow LCRA TSC to meet legal requirements in the Public Utility Regulatory Act and PUC rules. The rules require transmission utilities to maintain the safe and reliable operation of the transmission network owned and operated by LCRA TSC and its customers.

In October 2018, severe storms elevated Lake Marble Falls to encroach on an LCRA TSC structure that supports a 138-kilovolt double-circuit line. The encroachment created concerns that the lake level may compromise the structure's integrity and affect the ability to keep the circuits in service. Staff implemented temporary mitigation measures to address the immediate concerns of failure. This project will implement a long-term solution to prevent future encroachment by re-designing and constructing replacement structures to support the 138-kV double-circuit line near the Lake Marble Falls crossing and will include property acquisition.

The required project completion date is December 2019. The project funds will pay for project management, regulatory activities, engineering, materials, real estate activities and necessary land rights. LCRA TSC representatives will perform

environmental and cultural due diligence studies and address all identified concerns. A Certificate of Convenience and Necessity is not required.

Project Recap

Total Project Estimated Cost		<u>\$3,374,000</u>
Previous Project Lifetime Budget:		\$ 0
Additional Lifetime Budget Approval Sought:		<u>\$3,374,000</u>
FY 2019	\$	711,000
FY 2020	\$	2,663,000
Total:		<u>\$3,374,000</u>

Project Direction

Project Manager: Philip Strader
Project Sponsor: Kristian M. Koellner, P.E.
Project Number: 1020559

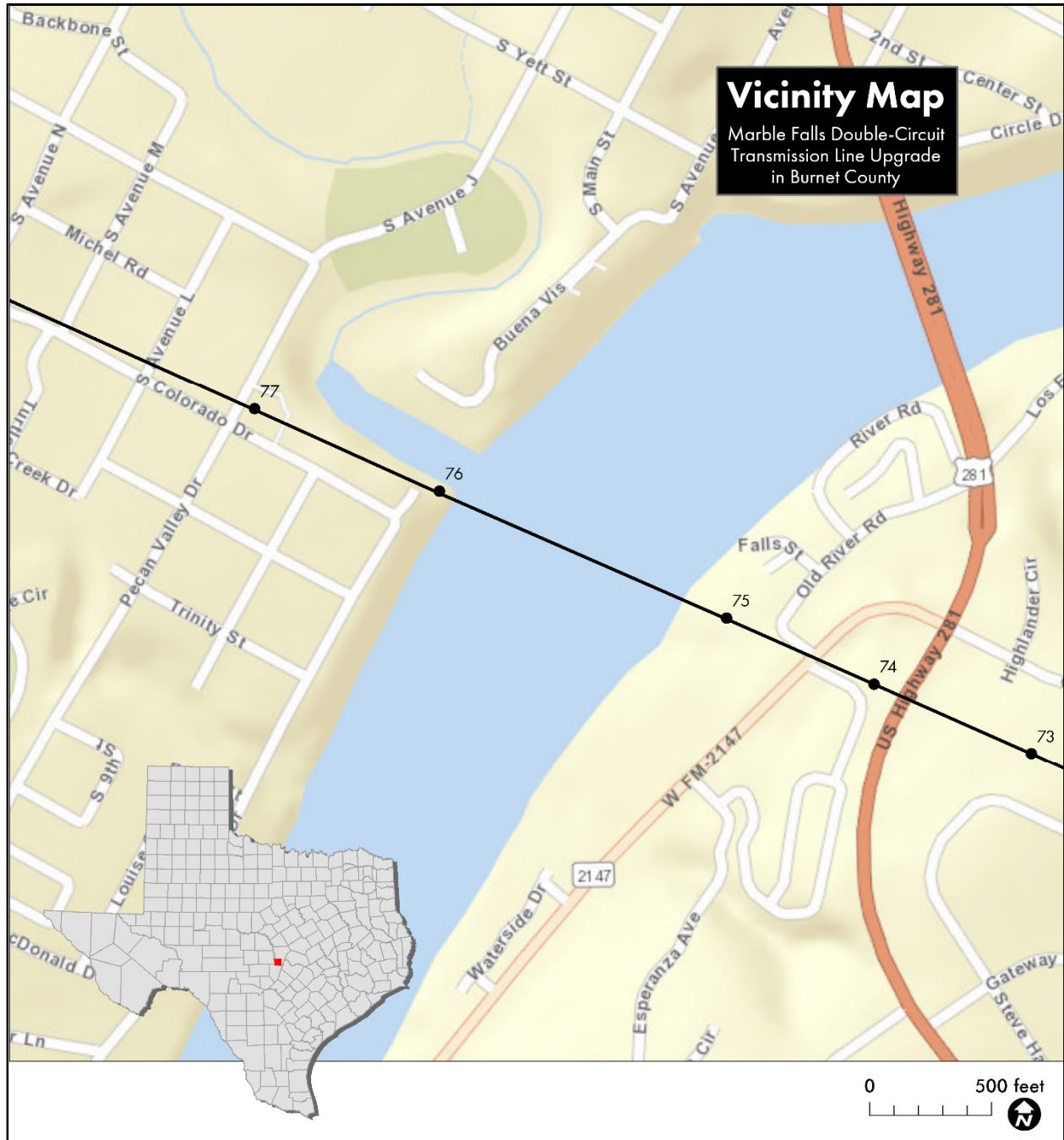
Presenter(s)

Kristian M. Koellner, P.E.
Vice President, Transmission Planning

Exhibit(s)

A – Vicinity Map – Marble Falls Double-Circuit Transmission Line Upgrade

EXHIBIT A



FOR ACTION

6. Acquisition of Interests in Real Property – Use of Eminent Domain in Williamson County

Proposed Motion

I move that the LCRA Transmission Services Corporation Board adopt the attached resolution; that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements for the Leander to Round Rock Transmission Line Addition project; and that the first record vote applies to all units of property to be condemned.

Board Consideration

LCRA Transmission Services Corporation Board Policy T401 – Land Resources and Section 2206.053 of the Texas Government Code require Board authorization prior to the initiation of eminent domain proceedings.

Section 2206.053 of the Texas Government Code provides that if two or more Board members object to adopting a single resolution for all units, a separate record vote must be taken for each unit of property. If two or more units of real property are owned by the same person, those units may be treated as one unit of property.

Budget Status and Fiscal Impact

The acquisition costs were included in the Board-approved budget for the Leander to Round Rock Transmission Line Addition project.

Summary

LCRA TSC proposes to acquire transmission line easements in Williamson County for the Leander to Round Rock Transmission Line Addition project. Kokel-Oberrender-Wood Appraisal Ltd. performed an independent appraisal of the interests in real properties to be acquired to determine just compensation to the landowners.

Staff made an initial offer to acquire the necessary interests in real property voluntarily from the landowners listed on Exhibit C, as required by Section 21.0113 of the Texas Property Code. Staff will continue to negotiate for the purchase of the interests in real property. Staff seeks Board authorization to proceed with condemnation if an agreement cannot be reached with the landowners.

Staff has provided to the Board a description of the specific properties to be acquired and will attach the description to the resolution.

LCRA TSC representatives have performed environmental and cultural due diligence studies, and no concerns were identified. Staff requests the Board adopt the resolution in Exhibit D authorizing the initiation of condemnation proceedings on the first record vote for all units of property.

Presenter(s)

Steven T. Brown
Director, Real Estate Services

Exhibit(s)

- A – Vicinity Map
- B – Site Maps
- C – Landowner List
- D – Resolution
- 1 – Descriptions of the Specific Properties

EXHIBIT A

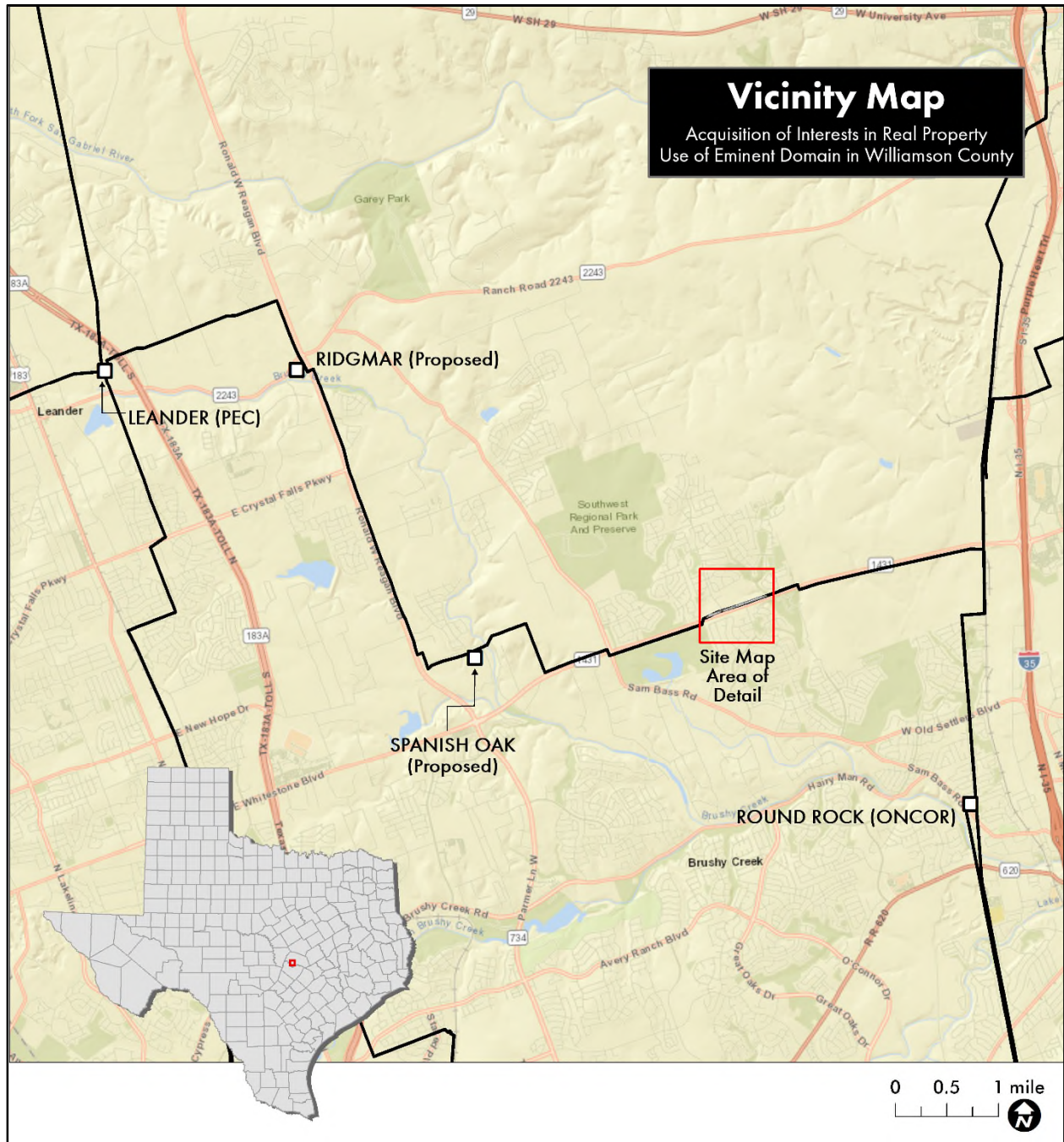


EXHIBIT B



EXHIBIT C

Landowners	Approximate Parent Tract Acreage	Land Rights	Approximate Acquisition Acreage	County	Value of Proposed Easement	Diminution in Value of Remainder	Total Approximate Value
Westside Church of Christ of Williamson County Inc.	19.06 acres	Easement	1.31 acres	Williamson	\$308,000	\$482,000	\$790,000
QuikTrip Corporation, an Oklahoma Corporation	3.44 acres	Easement	0.59 acre	Williamson	\$266,000	\$354,000	\$620,000
MDSR GP Inc., a Texas Corporation	1.56 acres	Easement	0.546 acre	Williamson	\$268,000	\$140,000	\$408,000
MDSR GP Inc., a Texas Corporation	1.54 acres	Easement	0.091acre	Williamson	\$26,000	\$65,000	\$91,000
MDSR GP Inc., a Texas Corporation	1.34 acres	Easement	0.285 acre	Williamson	\$140,000	\$145,000	\$285,000
Sand Pharmacy Round Rock 10875 LLC, a Delaware Limited Liability Company	2.6718 acres	Easement	0.61 acre	Williamson	\$299,000	\$328,000	\$627,000
Hill Country Bible Church of Austin	13.225 acres	Easement	2.09 acres	Williamson	\$369,000	\$341,000	\$710,000

EXHIBIT D

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PROPOSED MOTION

I MOVE THAT THE BOARD OF LCRA TRANSMISSION SERVICES CORPORATION ADOPT THE ATTACHED RESOLUTION; THAT THE BOARD AUTHORIZE BY RECORD VOTE THE USE OF THE POWER OF EMINENT DOMAIN TO ACQUIRE RIGHTS IN THE PROPERTY DESCRIBED IN EXHIBIT 1 TO THE RESOLUTION FOR THE LEANDER TO ROUND ROCK TRANSMISSION LINE ADDITION PROJECT; AND THAT THE FIRST RECORD VOTE APPLIES TO ALL UNITS OF PROPERTY TO BE CONDEMNED.

**RESOLUTION
AUTHORIZING ACQUISITION OF INTERESTS IN REAL PROPERTY
BY CONDEMNATION IN WILLIAMSON COUNTY FOR
TRANSMISSION LINE EASEMENTS.**

WHEREAS, the LCRA Transmission Services Corporation has determined the need to acquire the interests in real property necessary for the public purposes of construction, operation, and maintenance of an electric transmission line in Williamson County; and

WHEREAS, an independent, professional appraisal of the subject property has been submitted to the LCRA Transmission Services Corporation, and an amount will be established to be just compensation for the interests in real property to be acquired;

NOW, THEREFORE, BE IT RESOLVED that the president and chief executive officer or his designee is authorized to purchase the interests in real property from the landowner(s) listed in the attached Exhibit C for the Leander to Round Rock Transmission Line Addition project and substation site, with the description of the location of and interest in the property that LCRA Transmission Services Corporation seeks to acquire being more particularly described in maps provided to the Board and attached to this Resolution as Exhibit 1; that the public convenience and necessity requires the acquisition of said interests in real property; that the public necessity requires the condemnation of the interests in real property in order to acquire them for such purposes; that LCRA Transmission Services Corporation does not intend to acquire rights to groundwater or surface water in the land; that LCRA Transmission Services Corporation will make a bona fide offer to acquire the interests in real property from the landowner(s) voluntarily as required by Sec. 21.0113 of the Texas Property Code; and that at such time as LCRA Transmission Services Corporation has determined that the landowner(s) and LCRA Transmission Services Corporation will be unable to reach an agreement on the fair market value of the subject interests in real property and that it should appear that further negotiations for settlement with the landowner(s) would be futile, then the president and chief executive officer or his designee is authorized and directed to initiate condemnation proceedings against the

EXHIBIT D

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owner of the property, and against all other owners, lien holders, and other holders of an interest in the property, in order to acquire the necessary interests in real property; and that this resolution take effect immediately from and after its passage;

BE IT FURTHER RESOLVED that the president and chief executive officer or his designee is hereby authorized to do all things necessary and proper to carry out the intent and purpose of this resolution, including determination and negotiation of the interest in real property that are proper and convenient for the operation of the electric transmission line.

