



# Board Agenda

Wednesday, Jan. 23, 2019  
LCRA Board Room  
Austin

## Items from the Chair

## Items from the General Manager

General Manager’s Update

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## Consent Items

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- 8. LCRA Interruptible Agricultural Drought Contingency Plan ..... 20
- 9. LCRA Interruptible Agricultural Water Contract Rules and Rates  
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- 10. Contracts and Contract Changes ..... 24

## 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 [www.sos.state.tx.us/open](http://www.sos.state.tx.us/open).

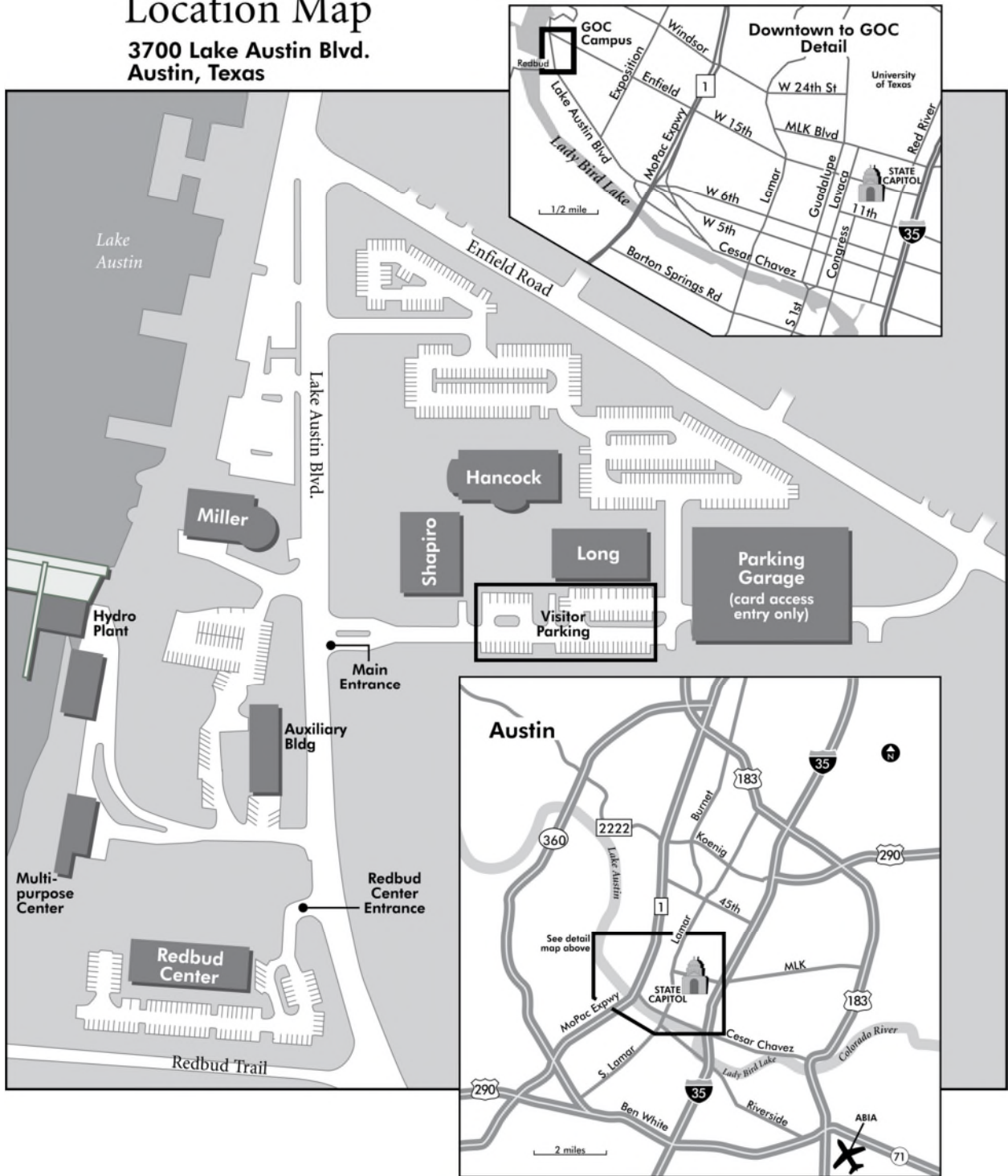
## Executive Session

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. The Board may act in executive session on competitive electric matters pursuant to Section 551.086 of the Texas Government Code.

# LCRA General Office Complex Location Map

3700 Lake Austin Blvd.  
Austin, Texas



## **FOR ACTION**

# **1. Resolutions**

### **Proposed Motion**

Approve the LCRA Board of Directors resolutions as presented to the Board.

### **Board Consideration**

The Board will be asked to approve honorary and retiree resolutions as they occur.

### **Summary**

LCRA recognizes longtime employees who have retired from the organization with a retiree resolution. Other individuals may be recognized from time to time with an honorary resolution.

### **Presenter(s)**

Phil Wilson  
General Manager

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# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Stanley Klekar

Whereas, Stanley Klekar retired from the Lower Colorado River Authority on Dec. 17, 2018, as director of Line and Substation Operations after more than 45 years of service to LCRA; and

Whereas, he began his career at LCRA on Nov. 11, 1973, as an electrician's helper. Stanley then worked his way up through many important positions, including substation electrician, maintenance foreman, Transmission system district supervisor, manager of Line and Substation Operations and senior manager of Line and Substation Operations. When Stanley accompanied a friend who wanted to apply for an LCRA job in fall of 1973, he had no intention of applying himself. Fortunately for LCRA and the many people with whom he has worked at the organization, Stanley did submit an application; and

Whereas, Stanley has vast knowledge of LCRA's transmission system and, with a great deal of hard work, contributed to the growth of the system as its reach expanded across Texas. Among his outstanding achievements, Stanley led a team that wrote Transmission Operations' "Green Book," the manual employees use every day to help ensure safety in tasks related to distribution voltage switching; and

Whereas, Stanley's colleagues always could count on him to quickly and effectively develop solutions to issues that arose in the field. He also was a direct, caring and charismatic leader, dedicated to his employees and attentive to their needs. Stanley was committed to LCRA and serving Texans, and he was passionate about his craft. He has helped maintain LCRA's transmission system from the mesas of McCamey in arid West Texas to the coastal dunes of Corpus Christi; and

Whereas, in retirement Stanley will have more time to enjoy his passions of good barbecue and tequila, cooking, trucks, and buying and selling tractors;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and employees, with extra emphasis from Transmission, express their appreciation to Stanley Klekar for his extraordinary service to LCRA and the people of Texas for four and a half decades.

Approved this 23rd day of January 2019.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Stuart Nelson

Whereas, Stuart Nelson retired from the Lower Colorado River Authority on Dec. 1, 2018, as senior adviser within Transmission after more than 28 years of service to LCRA; and

Whereas, Stuart began his career at LCRA on Oct. 1, 1990, as an engineering supervisor. He went on to serve in many additional key roles at LCRA, including manager of Project Implementation and Systems Analysis, manager of Transmission Asset Development, executive manager of Transmission Services and senior vice president of Transmission Business Development; and

Whereas, Stuart initiated the first formal project management group in Transmission in the 1990s and was a key contributor in each of LCRA's rate cases dating from 1999 to his retirement. He also represented LCRA in leadership roles on various Electric Reliability Council of Texas subcommittees. Stuart's colleagues inside and outside of LCRA have a deep respect for him, knowing him to be an effective leader with vast knowledge of virtually every aspect of the utility industry; and

Whereas, Stuart has a great sense of personal ethics and governed his actions and transactions with those ethics, serving LCRA and Texans well. Those who worked with Stuart at LCRA and throughout the electric utility industry describe him as selfless and forthright – a model for how to conduct business and help ensure continued success at LCRA. He also served as a mentor to many at LCRA and helped a large number of employees grow their careers; and

Whereas, Stuart is looking forward to moving with his wife to Canyon Lake in the Texas Hill Country and spending some relaxing time with his family, including his first grandchild due in 2019;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and employees, with extra emphasis from Transmission, express their appreciation to Stuart Nelson for his extraordinary service to LCRA and the people of Texas for nearly three decades.

Approved this 23rd day of January 2019.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager

## **FOR DISCUSSION**

# **2. Comments from the Public**

### **Summary**

This part of the meeting is intended for comments from the public on topics under LCRA's jurisdiction but not related to an item on the Board agenda. No responses or action may be taken by the Board during public comments.

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room. Please see the Protocols for Public Communication at Board and Committee Meetings as shown in Exhibit A for details.

Any member of the public wishing to comment on an item listed on this agenda will be called to make comments at the appropriate time.

### **Exhibit(s)**

A – Protocols for Public Communication at Board and Committee Meetings

## EXHIBIT A

### PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

Approved by the LCRA Board of Directors on Dec. 11, 2018

- 1. Oral Presentations on Issues under LCRA's Jurisdiction.** Any person wishing to make an oral presentation at a Board meeting on any matter under LCRA's jurisdiction must complete a registration form that indicates the agenda item or other topic on which they wish to comment, along with the speaker's name, address and other relevant information. Any person making an oral presentation to the Board may distribute related materials to the Board at the meeting.
- 2. Time Allocation.** The presiding officer may limit the length of time for each speaker. Speakers may not trade or donate time to other speakers without permission from the presiding officer, and repetitive testimony shall be minimized.
- 3. Rules of Decorum.** Speakers and members of the audience must avoid disruptive behavior that interferes with the orderly conduct of a public meeting. Placards, banners, and hand-held signs are not allowed in Board or committee meetings, and speakers and members of the audience must avoid personal affronts, profanity, booing, excessive noise, and other disruptive conduct. The presiding officer may direct that anyone who disrupts a meeting be removed from the room.
- 4. Recording.** Any person making an audio or video recording of all or any part of a Board meeting must do so in a manner that is not disruptive to the meeting. During a meeting, members of the public must remain in or behind the public seating area and are not permitted to record from any other area of the meeting room.
- 5. Committee Meetings.** The protocols outlined in 1-4 above also apply to members of the public wishing to address any LCRA Board committee whose membership comprises the entirety of the LCRA Board on matters within the scope of each of those committees.



**FOR DISCUSSION**

### **3. Financial Report**

**Board Consideration**

Staff presents this report monthly to the Board of Directors for discussion.

**Summary**

The financial report for LCRA covers the month and fiscal year to date.

**Presenter(s)**

Julie Rogers  
Controller

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**Lower Colorado River Authority**  
**Financial Highlights**  
**December 2018**

**Lower Colorado River Authority**  
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**Key terms:**

**FYE** – Fiscal year-end.

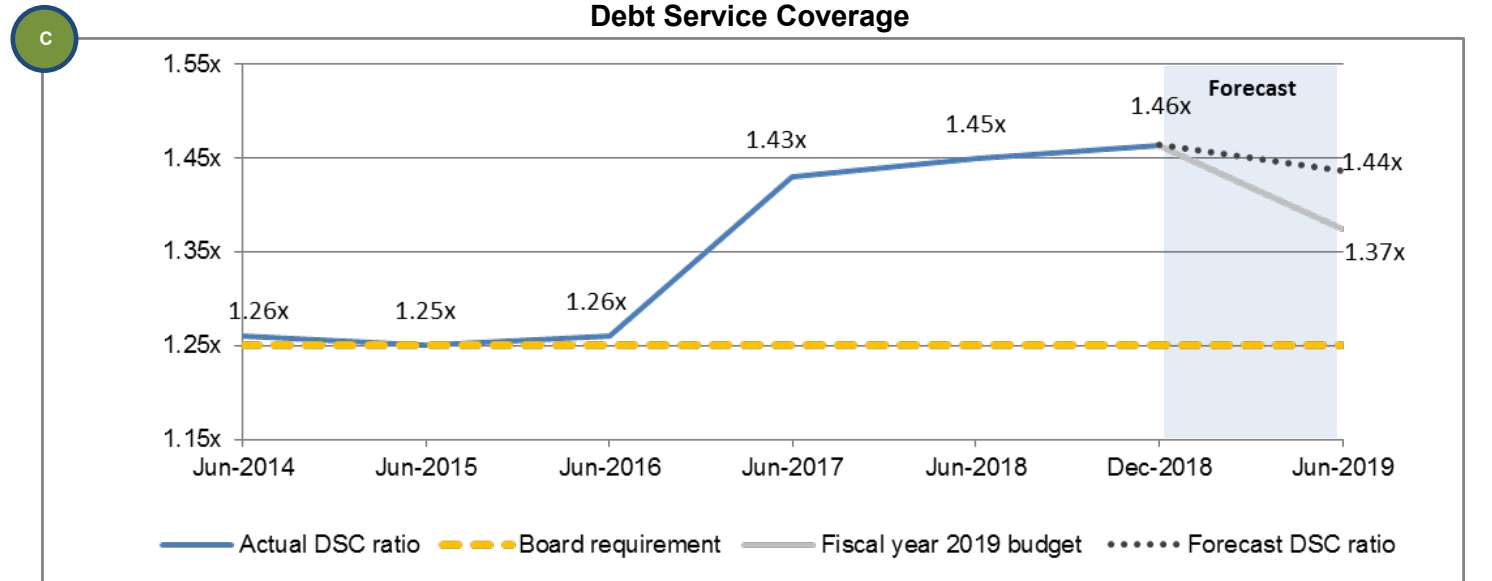
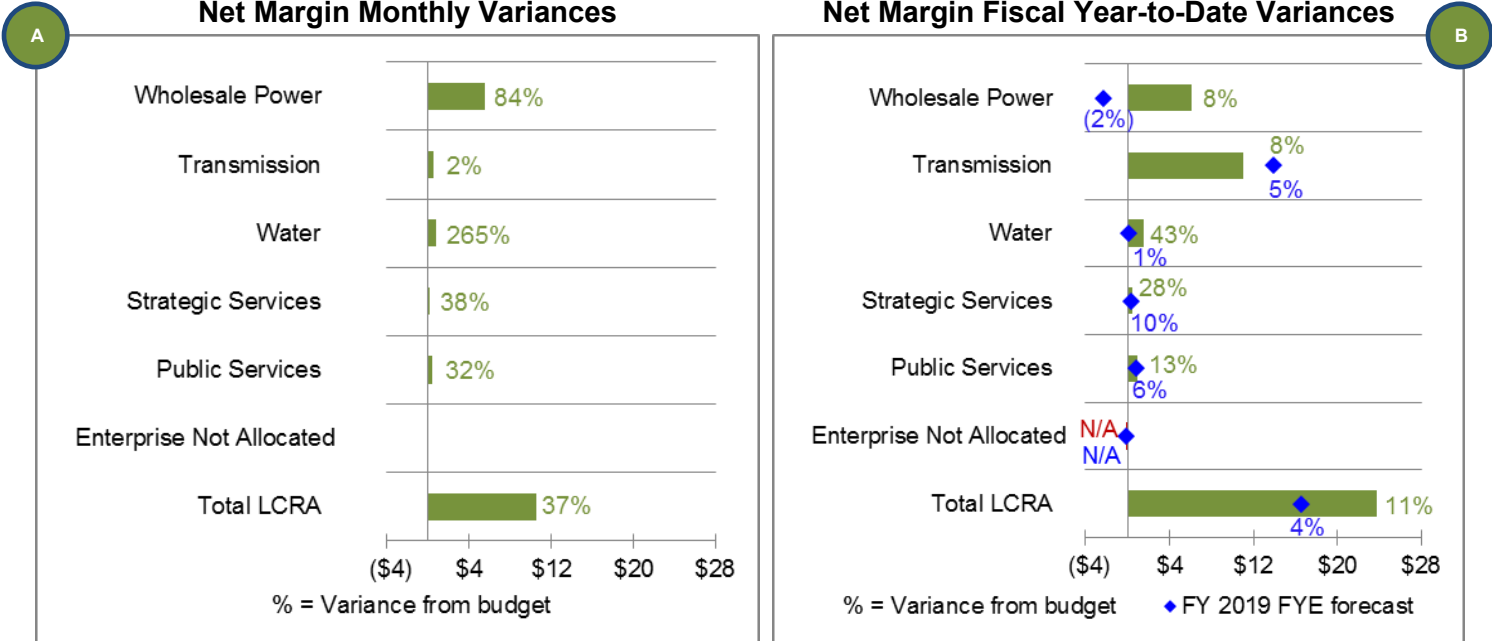
**Net margin** – Total operating revenues, including interest income, less direct and assigned expenses.

# Lower Colorado River Authority

Dec. 31, 2018

(Dollars in Millions)

## Budget-to-Actual Highlights



### Key takeaways:

- The recognition of deferred revenues and the timing of expenses drove Wholesale Power's monthly performance. Higher-than-budgeted interest income and load drove the year-to-date performance. Higher-than-budgeted expenses are driving the year-end forecast.
- Higher interest income, cost-of-service and miscellaneous revenues offset by the timing of expenses drove Transmission's monthly performance. Lower expenses as well as higher interest income, cost-of-service and miscellaneous revenues drove the year-to-date performance and year-end forecast.

## Lower Colorado River Authority

Dec. 31, 2018

*(Dollars in Millions)*

### **Key takeaways (continued):**

- Higher-than-budgeted river management revenues and the timing of expenses drove Water's monthly and year-to-date performances. Lower expenses offset by lower irrigation revenues are driving the year-end forecast.
- An increase in transmission customer service work primarily drove Strategic Services' monthly and year-to-date performances and the year-end forecast.
- The timing of revenues and expenses drove Public Services' monthly performance. A combination of lower expenses and timing drove year-to-date performance. Lower expenses are driving the year-end forecast.
- Donations for flood-relief efforts drove the year-to-date variance and year-end forecast for Enterprise Not Allocated.
- The positive year-end forecast in Transmission is driving the higher-than-budgeted debt service coverage projections.

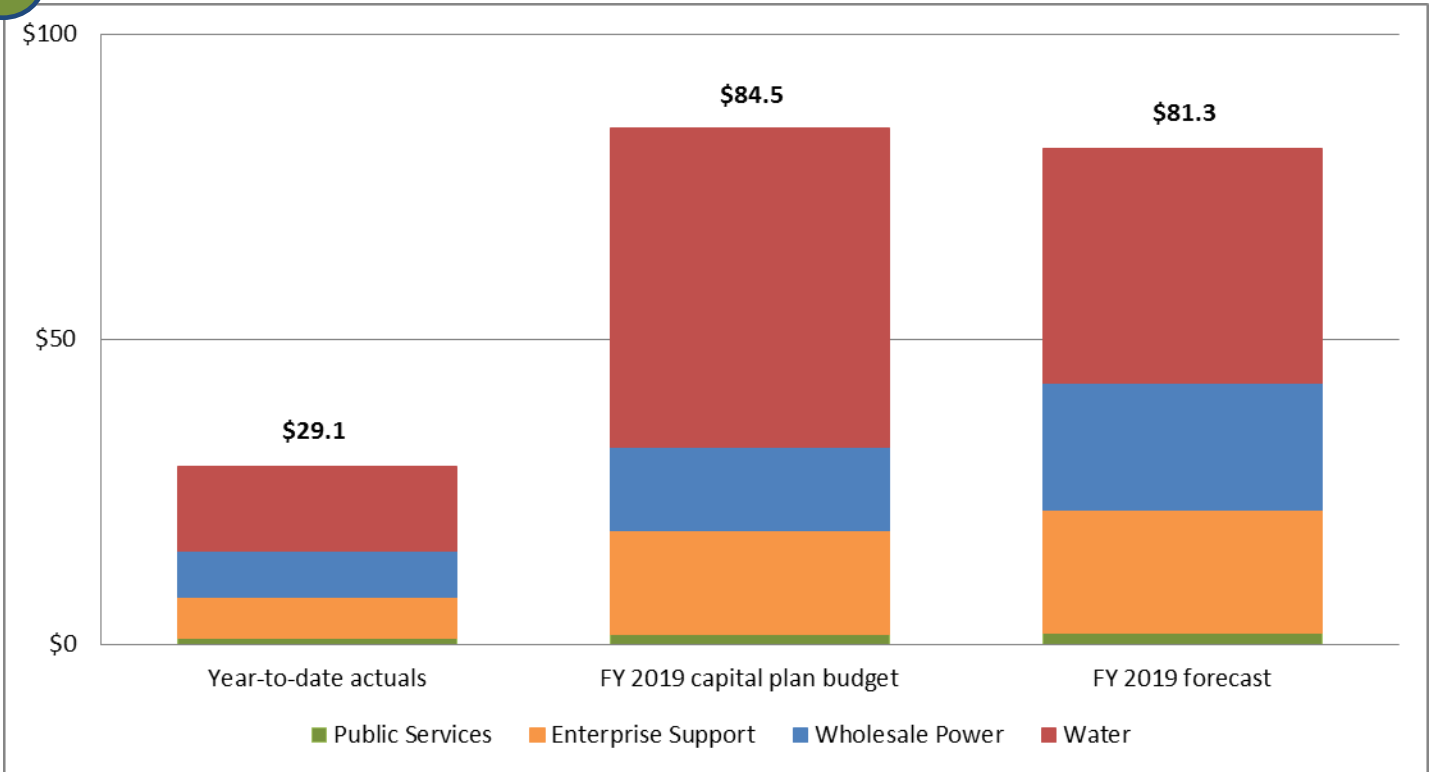
# Lower Colorado River Authority

Dec. 31, 2018

(Dollars in Millions)

## Capital Forecast

A



Business area	Year-to-date actuals	Percentage of budget spent	FY 2019 capital plan budget	FY 2019 capital forecast	Variance to forecast
Wholesale Power	\$ 7.6	55%	\$ 13.8	\$ 20.7	\$ (6.9)
Water	13.9	27%	52.1	38.6	13.5
Public Services	1.1	63%	1.7	1.8	(0.1)
Enterprise Support	6.6	39%	16.9	20.2	(3.3)
	<b>\$ 29.1</b>	<b>34%</b>	<b>\$ 84.5</b>	<b>\$ 81.3</b>	<b>\$ 3.2</b>

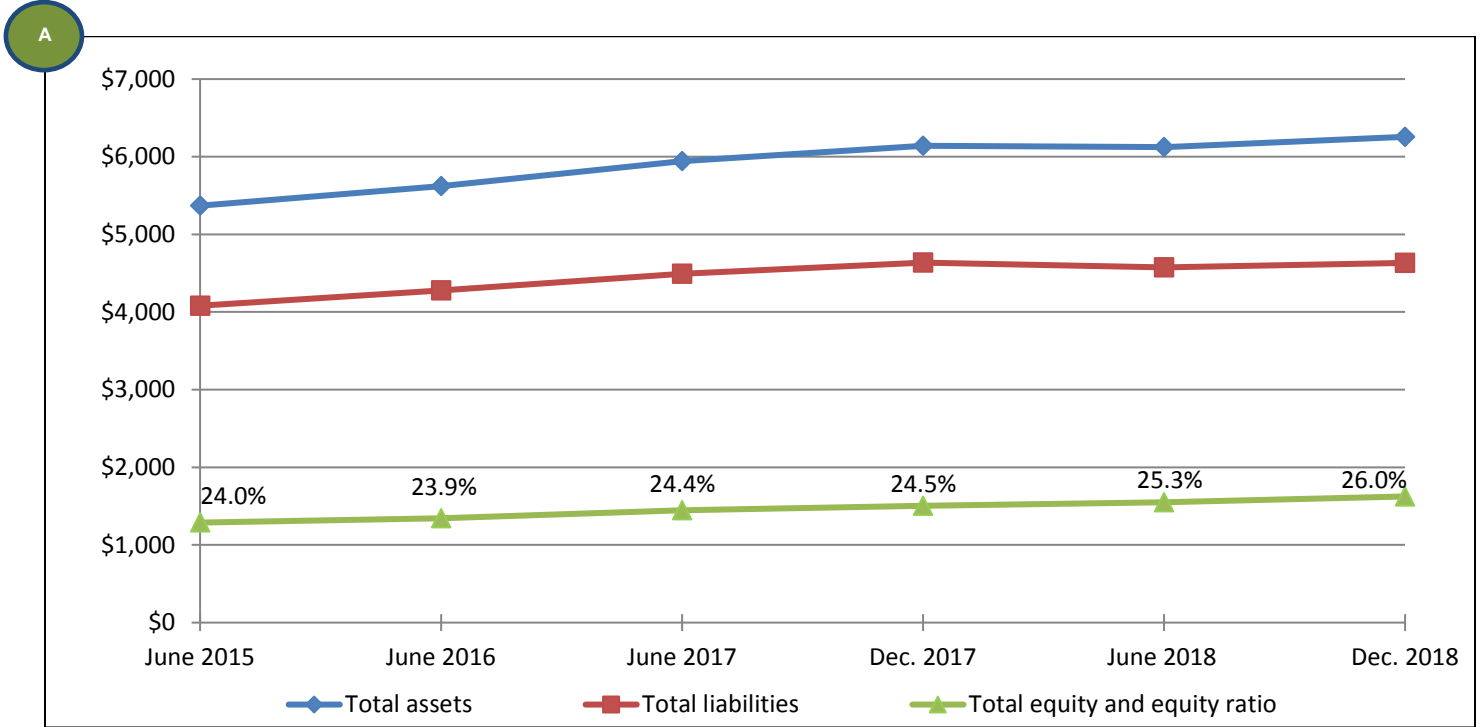
Note: Transmission Services' capital summary is found in the LCRA Transmission Services Corporation Financial Report.

- Key takeaways:**
- LCRA currently is projecting capital spending for FY 2019 will be \$3.2 million under the capital plan budget of \$84.5 million. The primary driver for the variance is the delay of spending on the New Regional Water Supply projects.
  - For any project not previously authorized by the Board in the capital plan, authority is delegated to the general manager to approve any capital project with a lifetime budget not to exceed \$1.5 million according to LCRA Board Policy 301. The GM approved the following new projects this quarter:
    - Beason's Park Hurricane Harvey Recovery for \$935,000.
    - White Rock Park Hurricane Harvey Recovery for \$415,000.
    - FM 521 River Park Hurricane Harvey Recovery for \$375,000.
    - One confidential competitive electric Wholesale Power project.

# Lower Colorado River Authority Financial Statement Trends

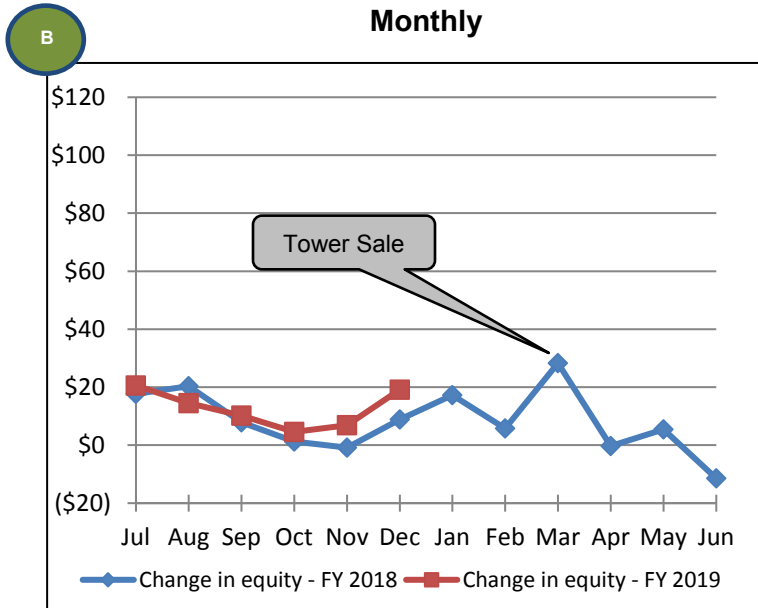
Dec. 31, 2018  
(Dollars in Millions)

## Balance Sheet Trends

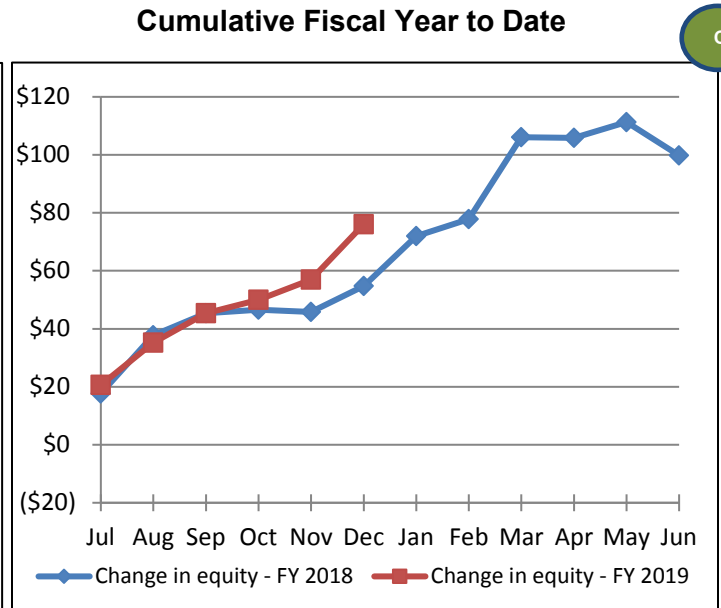


## Income Statement Trends

### Monthly



### Cumulative Fiscal Year to Date



### Key takeaways:

- Asset and liability balances are stable compared with December 2017.
- Year-to-date net income is trending higher compared to prior year due to:
  - higher interest income of \$7.7M.
  - the timing of long-term asset-related costs being deferred until planned recovery from customers in the future of \$2.2M.
  - decrease in depreciation expense of \$6.2M.



## Lower Colorado River Authority

Dec. 31, 2018

(Dollars in Millions)

### Condensed Balance Sheets

	Dec. 31, 2018	Dec. 31, 2017
<i>Assets</i>		
Total current assets	\$ 593.0	\$ 590.5
Total long-term assets	5,663.3	5,549.0
<b>Total Assets</b>	<b>\$ 6,256.3</b>	<b>\$ 6,139.5</b>
<i>Liabilities</i>		
Total current liabilities	\$ 693.2	\$ 600.2
Total long-term liabilities	3,938.6	4,035.9
Total liabilities	4,631.8	4,636.1
<i>Equity</i>		
Total equity	1,624.5	1,503.4
<b>Total Liabilities and Equity</b>	<b>\$ 6,256.3</b>	<b>\$ 6,139.5</b>

### Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2019	2018
<b>Operating Revenues</b>		
Electric	\$ 533.9	\$ 489.0
Water and irrigation	11.7	9.4
Other	21.6	12.2
<b>Total Operating Revenues</b>	<b>567.2</b>	<b>510.6</b>
<b>Operating Expenses</b>		
Fuel	162.2	158.4
Purchased power	73.1	30.7
Operations	84.5	87.8
Maintenance	26.6	16.2
Depreciation, depletion and amortization	79.4	85.6
<b>Total Operating Expenses</b>	<b>425.8</b>	<b>378.7</b>
<b>Operating Income</b>	<b>141.4</b>	<b>131.9</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest on debt	(81.2)	(79.8)
Other income	15.8	2.6
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(65.4)</b>	<b>(77.2)</b>
<b>Change in Equity</b>	<b>76.0</b>	<b>54.7</b>
<b>Equity - Beginning of Period</b>	<b>1,548.5</b>	<b>1,448.7</b>
<b>Equity - End of Period</b>	<b>\$ 1,624.5</b>	<b>\$ 1,503.4</b>

# Lower Colorado River Authority

Dec. 31, 2018

(Dollars in Millions)

## Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2019	2018
Net cash provided by operating activities	\$ 204.8	\$ 213.4
Net cash provided by noncapital financing activities	1.9	1.4
Net cash used in capital and financing activities	(133.7)	(48.8)
Net cash provided by (used in) investing activities	71.2	(151.6)
<b>Net Increase in Cash and Cash Equivalents</b>	144.2	14.4
<b>Cash and Cash Equivalents - Beginning of Period</b>	242.4	314.0
<b>Cash and Cash Equivalents - End of Period</b>	<u>\$ 386.6</u>	<u>\$ 328.4</u>

# Lower Colorado River Authority

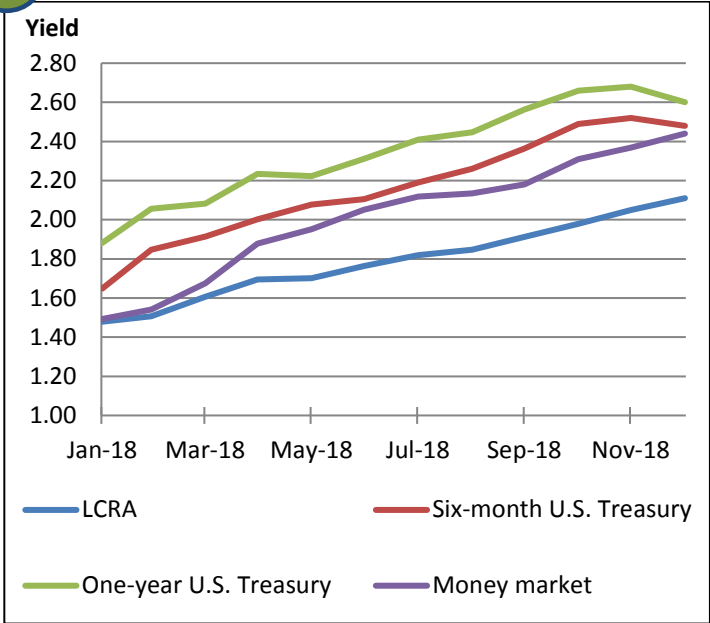
Dec. 31, 2018

(Dollars in Millions)

## Investments and Debt

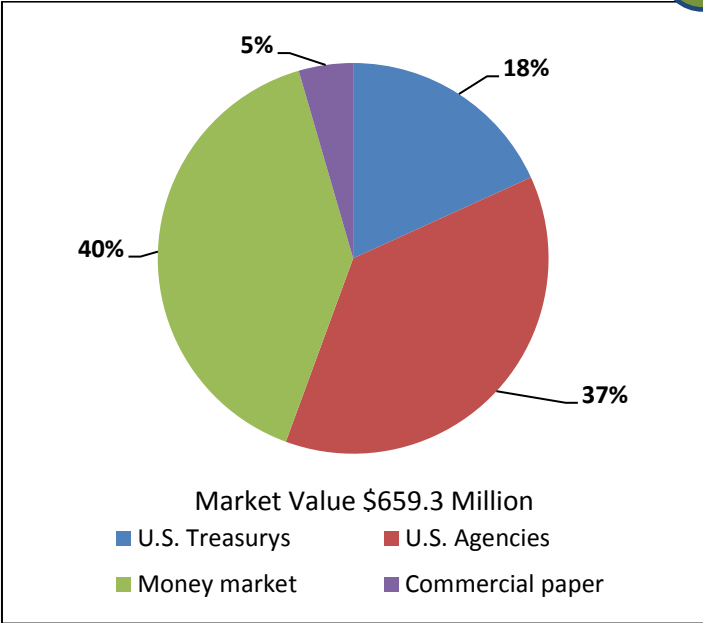
A

Investment Portfolio Yield



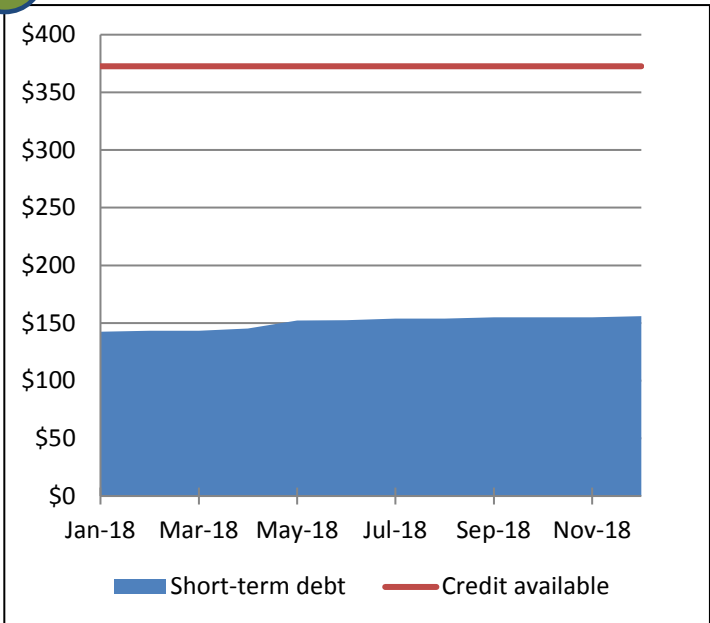
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Investment Portfolio Composition



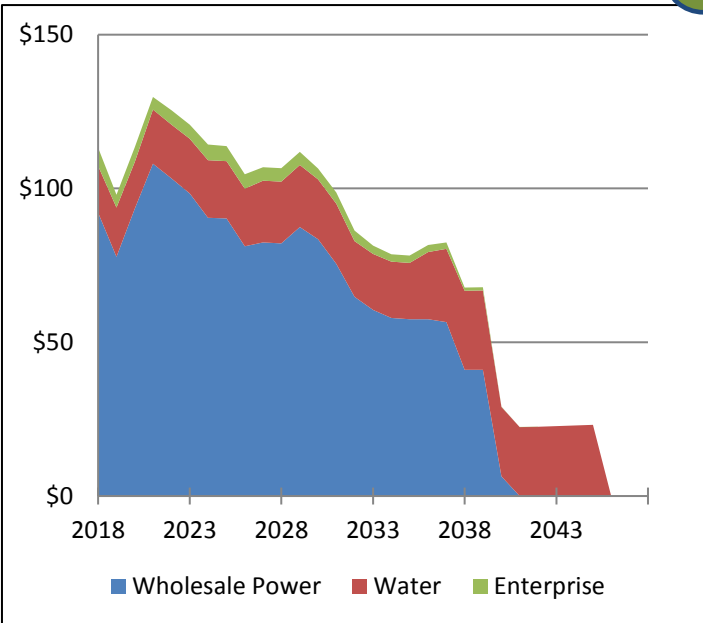
C

Short-Term Debt



D

Bond Debt Service



**Key takeaway:**

- As expected, the Federal Open Market Committee raised the federal funds target rate by 25 basis points at its Dec. 19 meeting, representing the fourth such increase in 2018. The market is anticipating a 23 percent chance of one rate increase of 25 basis points at the June 2019 meeting.

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**FOR ACTION (CONSENT)**

**4. April 2019 LCRA Board Meeting Date**

**Proposed Motion**

Approve changing the date of the April 2019 LCRA Board of Directors meeting to Tuesday, April 16.

**Budget Status and Fiscal Impact**

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

**Summary**

The Board approved its calendar year 2019 Board and committee meetings schedule on Aug. 22, 2018. The proposed change would move the April 2019 Board meeting from April 10 to April 16.

**FOR ACTION (CONSENT)**

## **5. Directors' Fees, Expenses**

**Proposed Motion**

Approve directors' fees and expense reports.

**Board Consideration**

LCRA Board Policy 105 – Directors' Fees and Expense Reimbursement and the LCRA bylaws require Board approval for directors' fees and expenses.

**Budget Status and Fiscal Impact**

Directors' fees and expenses are provided for in the budget in the business plan.

**Summary**

LCRA Board Policy 105 establishes guidelines for the payment of fees and reimbursement of the expenses that directors incur as they carry out their responsibilities as LCRA Board members.

**FOR ACTION (CONSENT)**

## **6. Minutes of Prior Meeting**

**Proposed Motion**

Approve the minutes of the Dec. 11, 2018, meeting.

**Board Consideration**

Section 2.04 of the LCRA 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 Dec. 11, 2018, meeting

## **EXHIBIT A**

Minutes Digest  
Dec. 11, 2018

- 18-67 Approval of a resolution honoring Mickey Bell, LCRA retiree.
- 18-68 Appointment of PricewaterhouseCoopers LLP as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2019 financial statements.
- 18-69 Approval of changes to LCRA Board Policy 303 – Banking and Investments.
- 18-70 Declaration of an approximately 0.069-acre tract of land, being a portion of LCRA parcel JE-03 in Burnet County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 18-71 Declaration of an approximately 0.158-acre tract of land, being a portion of LCRA parcel BW-09 in Llano County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowners.
- 18-72 Approval of directors' attendance at seminars or conferences for calendar year 2019.
- 18-73 Approval of directors' fees and expense reimbursements.
- 18-74 Approval of the minutes of the Oct. 16, 2018, and Oct. 17, 2018, meetings.
- 18-75 Approval of revised Protocols for Public Communication at Board and Committee Meetings.
- 18-76 Approval of amendments to LCRA Board Policy 106 – Ethics.
- 18-77 Approval of revisions to LCRA Board Policy 404 – Grants and Economic Development.
- 18-78 Authorization for the general manager or his designee to negotiate and execute a 20-year lease of a 168.18-acre tract of land in Burnet County with Texas Camp Balcones Springs LP.
- 18-79 Approval of the Capital Improvement Project Authorization for the Lane City Dam Rehabilitation and Hurricane Harvey Recovery project and



authorization of the use of Resource Development Funds for the project and additional Arbuckle Reservoir spending.

- 18-80 Approval of the resolution authorizing the general manager or his designee to prepare and submit to the Texas Commission on Environmental Quality for review and approval an application to amend LCRA's Water Management Plan for lakes Buchanan and Travis.
- 18-81 Approval of the resolution regarding the operations of Arbuckle Reservoir.

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Dec. 11, 2018

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the Lower Colorado River Authority (LCRA) convened in a regular meeting at 1:50 p.m. Tuesday, Dec. 11, 2018, in the Board Room of the Hancock Building, at the principal office of LCRA, 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  
Stephen F. "Steve" Cooper, Secretary  
Lori A. Berger  
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 1:50 p.m.

General Manager Phil Wilson gave an update on safety, highlighting employees' safe work while participating in flood response activities and during fall outage work at power plants. Wilson discussed LCRA's efforts to support post-flood cleanup and projects related to the recent historic flooding experienced in the Highland Lakes watershed and the lowering of lakes LBJ and Marble Falls that began Dec. 30. He noted the grand opening ceremony for Arbuckle Reservoir scheduled Feb. 20. He discussed preparation of the power plants for colder weather. Wilson noted the LCRA Creekside Conservation Program's recent receipt of an Environmental Protection Agency Clean Water Act grant and gave an update on LCRA Parks, including 1.6 million visitors to the parks during 2018 and park enhancements. He noted the recent LCRA Veterans Recognition Day event and highlighted LCRA employee giving and volunteering during the holidays. Wilson concluded his update by asking Director Berger to provide an update on Community Development Partnership Program grants.

18-67 General Manager Phil Wilson presented for consideration a staff recommendation that the Board approve a resolution [attached hereto as Exhibit A] honoring LCRA retiree Mickey Bell. Upon motion by Director Berger, seconded by Director Spears, the recommendation was unanimously approved by a vote of 15 to 0.

The Board next took action on the consent agenda. Chair Timmerman noted Consent Item 4 – Sale of Land in Williamson County was pulled from the agenda by staff. Upon motion by Director Spears, seconded by Director Gill, the Board unanimously approved consent items 2, 3, 5, 6, 7, 8 and 9 included on the Dec. 11, 2018, revised consent agenda by a vote of 15 to 0 as follows:

18-68 Appointment of PricewaterhouseCoopers LLP as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2019 financial statements, as recommended in Consent Item 2 [attached hereto as Exhibit B].

18-69 Approval of changes to LCRA Board Policy 303 – Banking and Investments, as recommended by staff in Consent Item 3 [attached hereto as Exhibit C].

18-70 Declaration of an approximately 0.069-acre tract of land, being a portion of LCRA parcel JE-03 in Burnet County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA) and authorization for the general manager or his designee to sell the property to the adjoining landowner, as recommended by staff in Consent Item 5 [attached hereto as Exhibit D].

18-71 Declaration of an approximately 0.158-acre tract of land, being a portion of LCRA parcel BW-09 in Llano County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA) and authorization for the general manager or his designee to sell the property to the adjoining landowners, as recommended by staff in Consent Item 6 [attached hereto as Exhibit E].

18-72 Approval of directors' attendance at seminars or conferences for calendar year 2019, as recommended in Consent Item 7 [attached hereto as Exhibit F].

18-73 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 8 [attached hereto as Exhibit G].

18-74 Approval of the minutes of the Oct. 16, 2018, and Oct. 17, 2018, meetings [Consent Item 9].

18-75 General Counsel Tom Oney presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board approve revised Protocols for Public Communication at Board and Committee Meetings. Upon motion by Director Whitten, seconded by Vice Chair Martine, the recommendation was unanimously approved by a vote of 15 to 0.

18-76 General Counsel Tom Oney presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit H], that the Board approve amendments to LCRA Board Policy 106 – Ethics. Upon motion by Director Gill, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 15 to 0.

18-77 Vice President of Transmission Strategic Services Clint Harp presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit I], that the Board approve revisions to LCRA Board Policy 404 – Grants and Economic Development. Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 15 to 0.

18-78 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 13 [attached hereto as Exhibit J], that the Board authorize the general manager or his designee to negotiate and execute a 20-year lease of a 168.18-acre tract of land in Burnet County with Texas Camp Balcones Springs LP. Upon motion by Director Gill, seconded by Director Berger, the recommendation was unanimously approved by a vote of 14 to 0 [Director Spears was temporarily absent for voting on this item].

18-79 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 14 [attached hereto as Exhibit K], that the Board approve the Capital Improvement Project Authorization for the Lane City Dam Rehabilitation and Hurricane Harvey Recovery project and authorize the use of Resource Development Funds for the project and additional Arbuckle Reservoir spending. Upon motion by Director Spears, seconded by Director Cooper, the recommendation was unanimously approved by a vote of 15 to 0.

The Board next took up Agenda Item 15 – Amendment of the Water Management Plan for Lakes Buchanan and Travis and Agenda Item 16 – Operations of Arbuckle Reservoir, including public comment.

Diane Dee, a Lake Travis resident, addressed the Board regarding the recent flooding on Lake Travis.

Ronald Gertson, a rice farmer and chair of the Colorado Water Issues Committee, and Collette Bradsby, an attorney with the Texas Parks and Wildlife Department, addressed the Board regarding Agenda Item 15. They complimented LCRA staff on the WMP revision process. Gertson also expressed his support for Item 15. Bradsby said TPWD will continue to work with LCRA on WMP revisions.

Executive Vice President of Water John Hofmann presented for consideration staff's recommendations on agenda items 15 and 16. After discussion, the Board took action on the items as follows:

18-80 Upon motion by Director Spears, seconded by Vice Chair Martine, the Board by a vote of 15 to 0 unanimously approved the resolution authorizing the general manager or his designee to prepare and submit to the Texas Commission on Environmental Quality for review and approval an application to amend LCRA's Water Management Plan for lakes Buchanan and Travis, as recommended by staff in Agenda Item 15 [attached hereto as Exhibit L].

18-81 Upon motion by Director Ellison, seconded by Director Gill, the Board by a vote of 15 to 0 unanimously approved the resolution regarding the operations of Arbuckle Reservoir, as recommended by staff in Agenda Item 16 [attached hereto as Exhibit M].

Chair Timmerman declared the meeting to be in executive session at 2:55 p.m., pursuant to sections 551.071, 551.072, 551.076, 551.086 and 551.089 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 4:10 p.m., with all directors present.

There being no further business to come before the Board, the meeting was adjourned at 4:10 p.m.

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Stephen F. Cooper  
Secretary  
LCRA Board of Directors  
Approved: Jan. 23, 2019

## **FOR ACTION**

# **7. FY 2019 LCRA Transmission Services Corporation Capital Plan Amendment**

### **Proposed Motion**

Approve an amendment to the Fiscal Year 2019 LCRA Transmission Services Corporation Capital Plan to increase authorization for capital spending in FY 2019 from \$295.6 million to \$436.5 million.

### **Board Consideration**

Texas Water Code Chapter 152 requires the Board of Directors to approve LCRA TSC's budget and capital plan.

### **Budget Status and Fiscal Impact**

The proposed amendment to increase LCRA TSC's capital budget authorization in FY 2019 will have no impact on LCRA TSC's rates for provision of regulated transmission services. All of these costs will be recoverable in either the FY 2019 or future interim capital addition or full rate case process. There is no impact to LCRA.

### **Summary**

Staff is seeking LCRA board approval of an increase in LCRA TSC's FY 2019 capital budget. The additional FY 2019 funding will cover LCRA TSC costs for materials and construction to keep approved projects on schedule.

The LCRA Board of Directors approved the FY 2019 LCRA TSC Capital Plan in May 2018 establishing a capital spending limit for FY 2019 of \$295.6 million. The current fiscal year-end forecast for LCRA TSC capital spending is \$436.5 million. This is an increase of \$140.9 million or 47.7 percent.

The increase in LCRA TSC FY 2019 capital spending is primarily the result of:

- A Board approved amendment, primarily driven by real estate costs and customer-initiated changes for the Leander-to-Round Rock Transmission Line Addition project (\$57.0 million).
- Spending originally planned to occur in FY 2018 (\$20.4 million).
- Additional changes in project scope, customer-initiated changes and ERCOT outage constraints (\$16.4 million).
- New approved projects including unbudgeted requests for interconnections, (\$15.5 million).
- Estimated pre-spending on future projects to begin in FY 2020 (\$10.8 million).
- System acquisitions (\$10.6 million).
- Estimated impact of severe weather (\$10.2 million)

The Public Utility Commission of Texas establishes LCRA TSC's rates for regulated transmission services based on the actual costs of capital projects. This amendment does not increase the lifetime budget for any individual capital project, but amends the spending limit established for FY 2019 to reflect changes to LCRA TSC's expectation of spending within the current fiscal year. The additional capital spending in FY 2019 will be recovered in future interim capital addition or full rate case filings.

**Presenter(s)**

Kristen Senechal  
Executive Vice President, Transmission

## **FOR ACTION**

# **8. LCRA Interruptible Agricultural Drought Contingency Plan**

### **Proposed Motion**

Approve an updated interruptible agricultural Drought Contingency Plan for customers in the Garwood, Gulf Coast and Lakeside agricultural divisions and Pierce Ranch.

### **Board Consideration**

The Texas Commission on Environmental Quality requires that drought contingency plans be approved by the governing Board.

### **Budget Status and Fiscal Impact**

The proposed Drought Contingency Plan has no impact on the fiscal year 2019 budget.

### **Summary**

In 2015, TCEQ approved an updated Water Management Plan that imposes limits on the amount of interruptible stored water available to customers in the Gulf Coast and Lakeside divisions and to Pierce Ranch. LCRA previously has made changes to the interruptible agricultural Drought Contingency Plan that incorporate elements of the 2015 WMP.

LCRA staff proposes a revision to the Drought Contingency Plan to increase the relative allocation of interruptible stored water from lakes Buchanan and Travis to turf farmers. Under the revision, a turf farmer would receive an allocation per acre that is one-half of the allocation per acre a rice farmer would receive. Under the DCP currently in place, turf farmers receive an allocation per acre that is one-fourth of the allocation per acre a rice farmer would receive.

The draft plan was available for customer comment through the LCRA website. LCRA met with customers in December 2018 regarding the supply of water for the upcoming crop year.

A separate agenda item addresses the contract rules and rates for customers in the LCRA agricultural divisions.

### **Presenter(s)**

John B. Hofmann  
Executive Vice President, Water



## **FOR ACTION**

# **9. LCRA Interruptible Agricultural Water Contract Rules and Rates for Garwood, Gulf Coast and Lakeside Agricultural Divisions**

### **Proposed Motion**

Approve updated interruptible agricultural water contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.

### **Board Consideration**

Consistent with LCRA Board Policy 501 – Water Resources and Special District Local Laws Code § 8503.011, the LCRA Board of Directors is required to approve water contract rules and rates.

### **Budget Status and Fiscal Impact**

The proposed contract rules and rates have no impact on the fiscal year 2019 budget.

The proposed interruptible rates are based on full cost recovery of the physical delivery of water through LCRA's canal system for each division, with an adjustment to the Gulf Coast and Lakeside rates to mitigate the degree of rate increase in those divisions, with a resulting increase for Gulf Coast of 14 percent and for Lakeside of 12 percent. In addition, the rates for the Gulf Coast and Lakeside divisions include a portion of river management costs. Over a multiyear period when water is available, LCRA is increasing the portion of river management costs included in the interruptible rate. 2018 was the third year of the transition period. For 2019, LCRA staff proposes to maintain the same share of river management costs allocated to interruptible customers as in 2018, with four subsequent years of adjustment to reach the full share of river management costs. The full cost recovery rate for Garwood is consistent with the 1998 Purchase Agreement between LCRA and Garwood Irrigation Company.

### **Summary**

LCRA staff proposes updates to the interruptible agricultural water service contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions. The Board is considering updates to the Drought Contingency Plan under an accompanying agenda item.

LCRA staff proposes changes to the contract rules such that:

- a) Supplemental customers be required to obtain a contract that includes an interruptible stored water allocation if an allocation is available, with a contracting deadline in first season of July 31 and in second season of Sept. 30;
- b) All contracts with an interruptible stored water allocation must have a minimum allocation of 0.5 acre-feet per acre;
- c) The maximum allocation of interruptible stored water for wildlife management be reduced from 3 to 2.5 acre-feet per acre; and
- d) The deadline for contracting for second season rice be extended to Sept. 1.

LCRA staff also proposes changes to the minimum charge applicable to customers with allocations of interruptible stored water in the Gulf Coast and Lakeside divisions. Under the change, those customers would be subject to a minimum charge per acre-foot of interruptible stored water allocated from lakes Buchanan and Travis as shown in Exhibit A. The minimum charge for the Garwood division would be unchanged.

LCRA staff also proposes updates to the volumetric rates for interruptible water customers in the Garwood, Gulf Coast and Lakeside divisions. As in prior years, the updated rates vary by division and reflect the unique costs associated with operating each division. LCRA staff further proposes updated surcharge rates, which would continue to be tiered with rates that are 40, 80 and 150 percent of the volumetric rate for the respective division. The proposed volumetric rates and surcharges are shown as Exhibit A. Additional rates that would remain unchanged from 2018 include the early drainage surcharge of \$10 per acre, the irrigation coordinator cost recovery rate of \$75 per hour, the \$100 application fee, and the groundwater transport rates of \$30 per day for one structure and \$15 per day for each additional structure.

Following Board action on this item, staff will update the water contract forms for the agricultural divisions to reflect the approved changes consistent with Board policies and rules. The proposed contract rules and rates were available for customer comment through the LCRA website, and LCRA met with customers in December 2018 to discuss the upcoming crop year. Copies of the proposed contract rules and rates have been submitted to the Board under separate cover.

**Presenter(s)**

John B. Hofmann  
Executive Vice President, Water

**Exhibit(s)**

A – Proposed 2019 Interruptible Water Rates

**EXHIBIT A**

**Proposed 2019 Interruptible Water Rates  
(per acre-foot)**

<b>Division</b>	<b>Rice/Turf and Supplemental</b>	<b>Excess Use Surcharge</b>		
		<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
Gulf Coast	\$60.00	\$24.00	\$48.00	\$90.00
Lakeside	\$60.00	\$24.00	\$48.00	\$90.00
Garwood – 1 lift	\$36.86	\$14.74	\$29.49	\$55.29
Garwood – 2 lifts	\$43.69			

Gulf Coast and Lakeside Division: Minimum charge of \$20.00 per acre-foot of interruptible stored water allocated under contract.

Garwood Division: Minimum charge of \$25.00 per acre of rice under contract.

**FOR ACTION**

## **10. Contracts and Contract Changes**

### **Proposed Motion**

Authorize the general manager or his designee to negotiate and execute the following contracts as shown in the attached exhibit.

### **Board Consideration**

LCRA Board Policy 308 – Purchasing Contracts establishes requirements for contracts for the purchase of goods, services, construction and software. LCRA has two types of contracts, master and one-time.

- Master contract: Establishes the terms and conditions under which LCRA may purchase goods and/or services during a fixed period of time to fulfill its business plan. These purchases are budgeted in the capital and operations and maintenance budgets. Master contracts are not commitments to expend funds. Rather, purchase orders placed against these master contracts are commitments to spend.
- One-time contract: A contract for the purchase of a definite quantity of goods or services during a fixed period of time. These contracts normally include commitments to expend funds.

### **Budget Status and Fiscal Impact**

All contracts and contract changes recommended for Board approval are for budgeted items contained in the operations and capital budgets.

### **Summary (dollars in thousands)**

<b>Supplier (Contract No.)</b>	<b>Spending</b>	<b>Savings</b>	<b>Supplying</b>
Schweitzer Engineering Laboratories, Inc. (5081)	\$10,000	\$306	Transmission system protection relays, meters and remote terminal units
<b>Total</b>	<b>\$10,000</b>	<b>\$306</b>	

### **Presenter(s)**

Michael McGann  
Vice President, Supply Chain

### **Exhibit(s)**

A – New Contracts

## EXHIBIT A

### **New Contracts**

New contracts that require Board approval under Board Policy 308 are noted in Exhibit A.

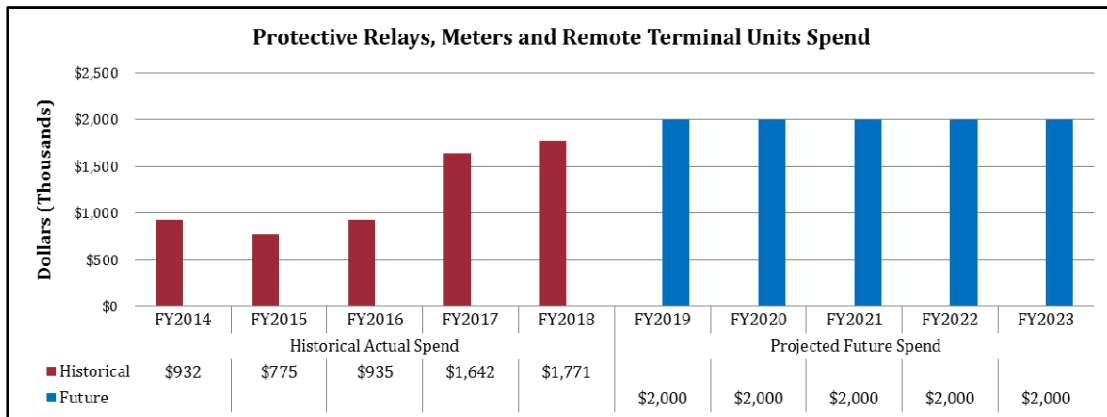
**Contract No.** 5081  
**Supplier:** Schweitzer Engineering Laboratories, Inc.  
**Contract Amount:** Not to exceed \$10 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** This master contract is for the provision of protective relays, meters and remote terminal units.

### **Background**

- LCRA currently has a long term contract with Schweitzer Engineering Laboratories Inc. for these items.
- The current contract is due to expire January 14, 2019.



- The historical five-year spending is about \$6 million.



**Actions:**

- LCRA invited five suppliers to participate. LCRA received and evaluated four proposals.
- Cost was the highest-weighted criterion for the evaluation.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$306,211 over the life of the contract (compared with the median of the bids).
- The contract award amount is not to exceed \$10 million.
- Based on the evaluation and negotiation, LCRA recommends Schweitzer Engineering Laboratories, Inc. as the supplier for this category.