

LCRA Transmission Services Corporation

Board Agenda

Thursday, April 25, 2024

The Barnhill Center

111 W. Main St.

Brenham, TX 77833

Earliest start time: 9:30 a.m.

Item From the Chair

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Executive Session

1. Legal Advice Regarding Transmission Cost of Service Rate Case for LCRA
Transmission Services Corporation
2. Legal Advice on Pending and Anticipated Litigation, Claims and Settlements
3. Legal Advice on Legal Matters

The Board may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

Legal Notice

Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at the following link: <https://www.sos.texas.gov/open/index.shtml>

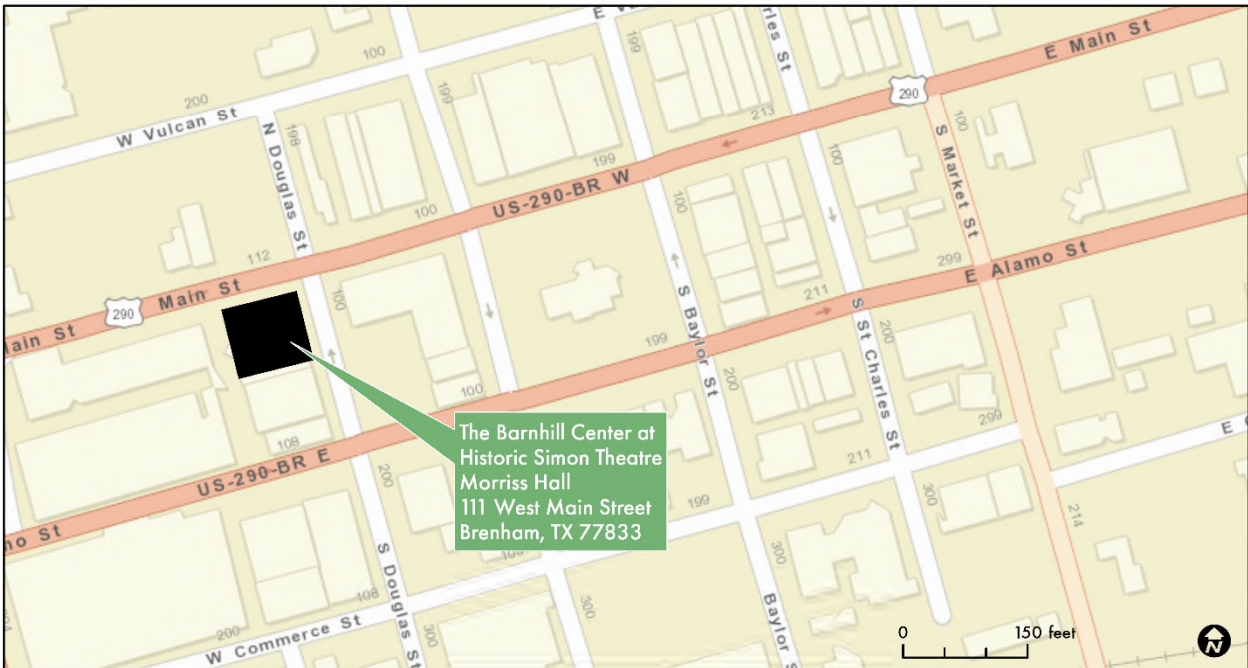
OVERVIEW OF LCRA TRANSMISSION SERVICES CORPORATION

In connection with the implementation of retail competition in the electric utility industry in the state of Texas, LCRA was required by the Texas Legislature in its amendments to the Public Utility Regulatory Act (enacted in 1999 under state legislation known as Senate Bill 7 and referred to as SB 7) to unbundle its electric generation assets from its electric transmission and distribution assets. LCRA conveyed, effective Jan. 1, 2002, all of its existing electric transmission and transformation assets (collectively, the Transferred Transmission Assets) to the LCRA Transmission Services Corporation (LCRA TSC) pursuant to the terms of an Electric Transmission Facilities Contract (the Initial Contractual Commitment), dated Oct. 1, 2001.

LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and the right to collect revenues for, electric transmission and transformation services. LCRA TSC is an electric transmission service provider (a TSP) under the state's open-access electric transmission regulatory scheme within the approximately 85% area of the state covered by the Electric Reliability Council of Texas (ERCOT). In such capacity, LCRA TSC is entitled to receive compensation from all electric distribution service providers using the electric transmission system within ERCOT. As a TSP in the ERCOT region of the state, the rates that LCRA TSC will charge for transmission services are regulated by the Public Utility Commission of Texas (PUC) and determined pursuant to transmission cost of service rate proceedings filed with and approved by the PUC.

Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services agreement between LCRA TSC and LCRA. This includes procuring goods and services on behalf of LCRA TSC and is reflected in the LCRA Board agenda contracts.

Under the LCRA Master Resolution, defined as the LCRA Board resolution governing LCRA's outstanding debt, and certain provisions of state law, the LCRA Board is required to exercise control over all operations of LCRA TSC. This control includes approval of LCRA TSC's business plan and of the sale or disposition of any significant assets of LCRA TSC. The Board of Directors of LCRA TSC (LCRA TSC Board) is appointed by and serves at the will of the LCRA Board. The current membership of LCRA TSC Board is made up entirely of the existing LCRA Board.



FOR DISCUSSION

1. Comments From the Public

Summary

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

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room.

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

FOR ACTION (CONSENT)

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the March 26, 2024, Board 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 March 26, 2024, Board meeting

EXHIBIT A

LCRA Transmission Services Corporation
Board of Directors Minutes Digest
March 26, 2024

- 24-06 Approval of the minutes of the Feb. 21, 2024, meeting.
- 24-07 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Fayette Power Project Yard 2-Lytton Springs Easement Enhancement System Upgrade; Substation VoIP Network – FY 2023 Telecommunications Upgrade; and Yarrington Substation Addition.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
March 26, 2024

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 11:24 a.m. Tuesday, March 26, 2024, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair [attended via videoconference]
Matthew L. "Matt" Arthur
Melissa K. Blanding
Carol Freeman
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann
Nancy Eckert Yeary

Absent: Michael L. "Mike" Allen
Joseph M. "Joe" Crane

Chair Timmerman convened the meeting at 11:24 a.m.

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

The Board next took action on the consent agenda.

24-06 Upon motion by Director Voelter, seconded by Director Lewis, the Board unanimously approved the minutes of the Feb. 21, 2024, Board meeting [Consent Item 2] by a vote of 12 to 0.

24-07 Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit A], that the Board approve the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Fayette Power Project Yard 2-Lytton Springs Easement Enhancement System Upgrade; Substation VoIP Network – FY 2023 Telecommunications Upgrade; and

Yarrington Substation Addition. Upon motion by Director Lewis, seconded by Director Kelley, the recommendation was unanimously approved by a vote of 12 to 0.

Chair Timmerman declared the meeting to be in executive session at 11:29 a.m. pursuant to sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code. Executive session ended, and Chair Timmerman declared the meeting to be in public session at 11:53 a.m.

There being no further business to come before the Board, the meeting was adjourned at 11:53 a.m.

Leigh Sebastian
Secretary
LCRA Transmission Services Corporation
Approved: April 25, 2024

FOR ACTION

3. Capital Improvement Projects Approval

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the projects and associated lifetime budgets as described in exhibits A and B.

Board Consideration

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million.

Budget Status and Fiscal Impact

- All projects recommended for Board approval are within the total annual budget approved in the fiscal year 2024 capital plan.
- Staff will monitor the FY 2024 forecast and will request a fiscal year budget increase if needed.
- The treasurer and chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

Summary

Staff recommends approval of the service reliability and system capacity capital projects described in exhibits A and B. These projects meet legal requirements in the Public Utility Regulatory Act and PUC rules.

Project funds will pay for activities, including but not limited to project management, engineering, materials acquisition, construction and acquisition of necessary land rights. LCRA TSC representatives will perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

Presenter(s)

Kristian M. Koellner
Vice President, Transmission Asset Optimization

Exhibit(s)

A – Project Cost Estimates and Cash Flow
B – Project Details

EXHIBIT A

Project Cost Estimates and Cash Flow

Dollars in millions

Project Name	FY 2023 and Prior	FY 2024	FY 2025	FY 2026	FY 2027	Lifetime
Service Reliability Projects						
Flatonia-Plum Transmission Line Overhaul	0.2	1.0	7.8	-	-	9.0
Macedonia Substation Upgrade	-	0.3	2.1	-	-	2.4
System Capacity Projects						
Florence Substation Addition	0.1	1.2	9.1	-	-	10.4
Total	0.3	2.5	19.0	-	-	21.8

EXHIBIT B

<h3>Project Details</h3>

Project Name: Flatonia-Plum Transmission Line Overhaul

Project Number: 1027645

Lifetime Budget: \$9 million

Description: The project will perform an overhaul on the 19.7-mile Flatonia to Plum 138-kilovolt transmission line in Fayette County. The project scope includes replacing structures to increase reliability of the facilities and ensure the transmission line meets or exceeds current National Electrical Safety Code and LCRA TSC design standards. The recommended project completion date is March 31, 2025.

Project Name: Macedonia Substation Upgrade

Project Number: 1028807

Lifetime Budget: \$2.4 million

Description: The project will increase the reliability of substation equipment at Macedonia Substation in Waller County. The project scope includes replacing obsolete and aging equipment, such as instrument transformers, a circuit switcher and battery banks, and constructing new equipment stands and foundations. The recommended project completion date is May 15, 2025.

Project Name: Florence Substation Addition

Project Number: 1029123

Lifetime Budget: \$10.4 million

Description: The project will provide a transmission point of interconnection for Pedernales Electric Cooperative, Inc. at the new 138-kV Florence Substation in Williamson County. The LCRA TSC project scope includes building the high side of the new substation, including circuit breakers, switches, instrument transformers and metering facilities, and performing site work, such as grading and installing physical security measures. The recommended project completion date is Nov. 30, 2024.

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