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PUC DOCKET NO. 38340

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BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS  
FILED CLERK

APPLICATION OF LCRA TRANSMIS- §  
SION SERVICES CORPORATION SALE, §  
TRANSFER, OR MERGER OF CERTAIN §  
SUBSTATION ASSETS TO BANDERA §  
ELECTRIC COOPERATIVE, INC. §

BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

**LCRA TRANSMISSION SERVICES CORPORATION'S RESPONSE TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

COMES NOW LCRA Transmission Services Corporation (LCRA TSC) and files this, its Response to Commission Staff's ("Staff") Second Request for Information. This Response is timely filed. LCRA TSC agrees and stipulates that all parties may treat these responses as if the answers were filed under oath.

Respectfully submitted,

Paul M. Shinkawa  
Associate General Counsel  
Texas State Bar No. 18266500  
Lower Colorado River Authority  
P.O. Box 220  
Austin, Texas 78767-0220  
Telephone: (512) 473-4011  
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By: *Paul M. Shinkawa*  
Paul M. Shinkawa

ATTORNEY FOR LCRA TRANSMISSION  
SERVICES CORPORATION

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document was served on all parties on this the 12<sup>th</sup> day of July, 2010, via facsimile, First-Class U.S. mail, or by hand delivery.

A handwritten signature in cursive script, appearing to read "Paul M. Shinkawa", written over a horizontal line.

Paul M. Shinkawa

**PUC DOCKET NO. 38340**

<b>APPLICATION OF LCRA TRANSMISSION SERVICES CORPORATION SALE, TRANSFER, OR MERGER OF CERTAIN SUBSTATION ASSETS TO BANDERA ELECTRIC COOPERATIVE, INC.</b>	§ § § § §	<b>BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS</b>
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**LCRA TRANSMISSION SERVICES CORPORATION'S RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

**Question No. GS-1-1:**

Please provide the FERC account numbers of Bandera Electric Cooperative ("BEC") and dollar amounts by account affected by the transfer of the transmission facilities to LCRA Transmission Services Corporation ("LCRA TSC").

**Response No. GS-1-1:**

BEC utilizes a System of Accounts that it is very similar to the FERC System of Accounts utilized by LCRA TSC. For these facilities, the account numbers will be the same. A listing of Bill of Sale items from the application and the account numbers to be utilized by BEC are shown below.

<b>Account Number</b>	<b>Description</b>	<b>Amount</b>
353	Station Equipment	44,233.29
353	Station Equipment	7,068.56
353	Station Equipment	74,648.24
353	Station Equipment	755.83
353	Station Equipment	556.46
353	Station Equipment	7,688.54
	Total Booked to Acct 353	<u>\$ 134,950.92</u>

Preparer: David Naylor  
Co-Sponsor: David Naylor  
Co-Sponsor: Brian D. Bartos, P.E.

Title: Consultant, CH Guernsey & Co.  
Title: Consultant, CH Guernsey & Co.  
Title: Manager, Engineering, BEC

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**Question No. GS-1-2:**

Please provide the proposed journal entry, including FERC account numbers, which BEC will use to record the transfer of the transmission facilities.

**Response No. GS-1-2:**

The transfer will be a credit, or increase, to Account 353 and a debit, or decrease, to Cash.

	Debit	Credit
Account 353, Transmission Station Equipment		\$ 134,950.92
Cash	\$ 134,950.92	

Preparer: David Naylor  
Co-Sponsor: David Naylor  
Co-Sponsor: Brian D. Bartos, P.E.

Title: Consultant, CH Guernsey & Co.  
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Title: Manager, Engineering, BEC

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**LCRA TRANSMISSION SERVICES CORPORATION'S RESPONSE TO  
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

**Question No. GS-1-3:**

Please provide the expected annual depreciation expense and property tax expense associated with the existing transmission facilities being transferred.

**Response No. GS-1-3:**

BEC will utilize its RUS approved depreciation rates for transmission equipment (2.75%) to calculate its depreciation expense. This depreciation rate is utilized for all of BEC's transmission facilities. BEC will pay the actual property taxes assessed to the facilities on a go-forward basis. Bandera expects the transfer will have no effect on property taxes.

Preparer: David Naylor  
Co-Sponsor: David Naylor  
Co-Sponsor: Brian D. Bartos, P.E.

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**Question No. GS-1-4:**

Please provide and update to Page 12, Item No. 24 of the Application for Sale, Transfer, or Merger when the transaction is completed and actual amounts are known.

**Response No. GS-1-4:**

Final project costs will be provided once these become available.

Preparer: David Naylor  
Co-Sponsor: David Naylor  
Co-Sponsor: Brian D. Bartos, P.E.

Title: Consultant, CH Guernsey & Co.  
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Title: Manager, Engineering, BEC

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**Question No. GS-1-5:**

Please provide the FERC account numbers of LCRA Transmission Services Corporation ("LCRA TSC") and dollar amounts by account affected by the transfer of the transmission facilities to Bandera Electric Cooperative ("BEC").

**Response No. GS-1-5:**

The FERC account numbers affected by the purchase of this transaction are Account No. 101 – Plant in Service, Account No. 108 – Accumulated Depreciation and #131 – Cash. For the Medina Lake Substation, the dollar amounts are a debit to FERC Account No. 131 for \$125,098.11, a credit to FERC Account No. 101 for \$(164,654.93) and a debit to FERC Account No. 108 for \$39,556.82.

Preparer: Dawn Reed  
Sponsor: Craig Sloan

Title: Supervisor, Capital Budgeting, LCRA  
Title: Controller, LCRA



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**Question No. GS-1-6:**

Please provide the proposed journal entry, including FERC account numbers, which LCRA TSC will use to record the transfer of the transmission facilities.

**Response No. GS-1-6:**

The net effect of the transaction on LCRA TSC FERC accounts is shown below.

131 - Cash	\$125,098.11	
101 - Plant in Service		\$(164,654.93)
108 - Accumulated Depreciation	\$39,556.82	

Preparer: Dawn Reed  
Sponsor: Craig Sloan

Title: Supervisor, Capital Budgeting, LCRA  
Title: Controller, LCRA

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**Question No. GS-1-7:**

Please explain in detail how the proceeds of the transaction will be used. Give specific examples.

**Response No. GS-1-7:**

The proceeds of this transaction will be used to pay down LCRA TSC debt (commercial paper) associated with acquisition of the assets. If it is not economical to pay down existing LCRA TSC debt, then the proceeds will be used to revenue fund a portion of LCRA TSC's capital improvement program, thus lowering the need for future borrowing by LCRA TSC.

Preparer: Don Kiser  
Sponsor: Don Kiser

Title: Manager, Corporate Finance, LCRA  
Title: Manager, Corporate Finance, LCRA

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**Question No. GS-1-8:**

Please provide the annual depreciation expense and property tax expense associated with the existing transmission facilities being transferred.

**Response No. GS-1-8:**

The annual depreciation expense associated with the existing transmission facilities being transferred is \$5,101. The calendar year 2009 property tax expense associated with the existing transmission facilities being transferred is \$5,674.

Co-Preparer: Dawn Reed  
Co-Preparer: Ken Nates  
Sponsor: Craig Sloan

Title: Supervisor, Capital Budgeting, LCRA  
Title: Accounting Coordinator, LCRA  
Title: Controller, LCRA

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**Question No. GS-1-9:**

Please provide an update to Page 12, Item No. 24 of the Application for Sale, Transfer, or Merger when the transition is completed and actual amounts are known.

**Response No. GS-1-9:**

Final project costs will be provided once these become available.

Preparer: Dawn Reed  
Sponsor: Craig Sloan

Title: Supervisor, Capital Budgeting, LCRA  
Title: Controller, LCRA

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**Question No. GS-1-10:**

Please see Application for Sale, Transfer, or Merger, Page 12, Item 22. Please see Exhibit A, Page 2 of 19, Item 1.2. Please explain the reason for the difference in dates reported in these two places, December 31, 2009 and April 1, 2009 respectively.

**Response No. GS-1-10:**

The difference in the dates between the Application and the Exhibit A is due to the dates at which each of the items was prepared. LCRA TSC will be selling the assets at their Net Book Value at the time of the actual closing.

The Electric Substation Asset Purchase Agreement (Exhibit A) was first prepared around April of 2009 and included the estimated Net Book Value of the assets at an assumed future closing date, along with the agreement to transfer the assets at the Net Book Value at the actual time of closing. The assets as of December 31, 2009, as contained in the Application, were not recalculated to determine the net book value because of the requirement that this will be determined at the time of actual closing.

Preparer: Ray Pfefferkorn

Title: Manager, Transmission Engineering,  
LCRA

Sponsor: Ray Pfefferkorn

Title: Manager, Transmission Engineering,  
LCRA