

SPP Notification to Construct

February 8, 2010

SPP-NTC-20081

Mr. Mel Perkins
Oklahoma Gas and Electric Co.
M/C 1103, PO Box 321
Oklahoma City, OK 73101

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Mr. Perkins,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Oklahoma Gas and Electric Co., as the Designated Transmission Owner, to construct the Network Upgrade(s).

On January 26, 2010, the Southwest Power Pool ("SPP") Board of Directors approved the Network Upgrade(s) listed below to be constructed.

New Network Upgrades

Project ID: 235

Project Name: Line - Fort Smith - Colony 161 kV

Need Date for Project: 6/1/2013

Estimated Cost for Project: \$2,500,000

Network Upgrade ID: 10300

Network Upgrade Description: Reconductor 2.2 miles of Fort Smith - Colony 161 kV line to 1590 kcmil ACSR and change terminal equipment at Ft. Smith and Colony substations to 2000 A.

Network Upgrade Owner: Oklahoma Gas and Electric Co.

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 446 MVA.

Network Upgrade Justification: To address the overload of Colony - Ft. Smith 161 kV for the loss of Fort Smith - Quanex Tap 161 kV.

Need Date for Network Upgrade: 6/1/2013

Estimated Cost for Network Upgrade (current day dollars): \$2,500,000

Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: OGE

Project ID: 551
Project Name: Multi - Johnson - Massard 161 kV
Need Date for Project: 6/1/2012
Estimated Cost for Project: \$8,700,000

Network Upgrade ID: 10701
Network Upgrade Description: Convert 5.6 mile Johnson - Massard 69 kV to 161 kV.
Network Upgrade Owner: Oklahoma Gas and Electric Co.
MOPC Representative: Jacob Langthorn IV
TWG Representative: Travis Hyde
Categorization: Regional reliability
Network Upgrade Specification: Upgrade the line to emergency rating 335 MVA.
Network Upgrade Justification: To address the overload of the Massard 161/69 kV transformer for the loss of Ft. Smith - Arkoma 161 kV.
Need Date for Network Upgrade: 6/1/2012
Estimated Cost for Network Upgrade (current day dollars): \$5,500,000
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: OGE

Network Upgrade ID: 10837
Network Upgrade Description: Build 2 miles of 161 kV from Johnson to Oak Park and install terminal equipment at Oak Park.
Network Upgrade Owner: Oklahoma Gas and Electric Co.
MOPC Representative: Jacob Langthorn IV
TWG Representative: Travis Hyde
Categorization: Regional reliability
Network Upgrade Specification: Build the line to emergency rating 335 MVA.
Network Upgrade Justification: To address the overload of the Massard 161/69 kV transformer for the loss of Ft. Smith - Arkoma 161 kV.
Need Date for Network Upgrade: 6/1/2012
Estimated Cost for Network Upgrade (current day dollars): \$3,200,000
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: OGE

Project ID: 892
Project Name: Canadian River Substation
Need Date for Project: 6/1/2010
Estimated Cost for Project: \$5,500,000

Network Upgrade ID: 11182

Network Upgrade Description: Install Canadian River 345 kV terminal equipment at new Canadian River substation tapping the Pittsburg - Muskogee line.

Network Upgrade Owner: Oklahoma Gas and Electric Co.

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: Build the line to emergency rating 1095 MVA.

Network Upgrade Justification: To address the overload of the Broken Bow - Bethel 138 kV, Bethel - Nashoba 138 kV, Nashoba - Clayton 138 kV, Clayton - Sardis 138 kV, and Sardis - Lone Oak 138 kV lines, for the outage of the Pittsburg - Valliant 345 kV line, the ANO - Ft Smith 500 kV line, Hugo - Sunnyside 345 kV line or for system-intact conditions. Also addresses low voltage at McAlester City substations.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$5,500,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Project ID: 30240

Project Name: Device - Cushing Oil 69 kV

Need Date for Project: 6/1/2010

Estimated Cost for Project: \$360,000

Network Upgrade ID: 50252

Network Upgrade Description: Install 9 Mvar capacitor bank at Cushing Oil 69 kV bus.

Network Upgrade Owner: Oklahoma Gas and Electric Co.

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: Install capacitor of size 9 Mvar.

Network Upgrade Justification: To address low voltage for system-intact conditions in the Cushing area 69 kV buses as well as for the loss of either Cushing Oil - Shell Tap 69 kV or Bristow - Cushing 138 kV.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$360,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Project ID: 30273

Project Name: Device - Tiger Creek 69 kV

Need Date for Project: 6/1/2010

Estimated Cost for Project: \$240,000

Network Upgrade ID: 50253

Network Upgrade Description: Install 6 Mvar capacitor bank at Tiger Creek 69kV bus.

Network Upgrade Owner: Oklahoma Gas and Electric Co.

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: Install capacitor of size 6 Mvar.

Network Upgrade Justification: To address low voltage for system-intact conditions in the Cushing area 69 kV buses as well as for the loss of either Cushing Oil - Shell Tap 69 kV or Bristow - Cushing 138 kV.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$240,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Upgrades with Modifications

Previous NTC number: 20029

Previous NTC Issue Date: 1/27/2009

Project ID: 354

Project Name: Line - Muldrow to 3rd St. 69 kV

Need Date for Project: 6/1/2010

Estimated Cost for Project: \$100,000

Network Upgrade ID: 10463

Network Upgrade Description: Upgrade wave trap and switches to 800 A at 3rd St. substation.

Network Upgrade Owner: Oklahoma Gas and Electric Co.

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Reason For Change: Modify Scope. Original scope was for a 600 A wave trap. Loading is now approaching that limit so scope is being changed to 800 A wave trap. Also replace disconnect switches in order to further increase limit.

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 86 MVA.

Network Upgrade Justification: To address the overload of Muldrow - 3rd St. 69 kV for the loss of Kilgore - VBI 69 kV.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$100,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Withdrawal of Upgrades

Previous NTC number: 20002

Previous NTC issue Date: 2/13/2008

Project ID: 397

Project Name: Multi - Mustang - Cimarron 138 kV

Network Upgrade ID: 10515

Network Upgrade Description: Convert 7 mile Mustang -Yukon 69 kV line to 138 kV.

Reason For Change: Withdraw. A load adjustment to the Yukon substation model eliminated the need for this upgrade.

Network Upgrade ID: 10516

Network Upgrade Description: Convert 3 mile Yukon - Cimarron 69 kV line to 138 kV.

Reason For Change: Withdraw. A load adjustment to the Yukon substation model eliminated the need for this upgrade.

Withdrawal of Network Upgrade

Oklahoma Gas and Electric Co. has been made aware of all Network Upgrades withdrawn through the expansion plan process. This letter is the formal notification to stop any further work on this Network Upgrade(s), collect any cost associated with the Network Upgrade(s), and provide this information to SPP.

Commitment to Construct

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

Mitigation Plan

The Need Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required for formulation and approval of any necessary mitigation plans for the Network Upgrade(s) if the Need Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade will be delayed past the Need Date, SPP requires a mitigation plan be filed within 60 days of the determination of expected delays.

Notification of Commercial Operation

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual

costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

Notification of Progress

On an ongoing basis, please keep SPP advised of any inability on Oklahoma Gas and Electric Co.'s part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires Oklahoma Gas and Electric Co. to submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, consistent with Sections 20.1 and 32.10 of the SPP OATT, Oklahoma Gas and Electric Co. shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don't hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

Bruce A. Rew

Bruce Rew
Vice President, Engineering
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cc: Carl Monroe, Les Dilahunty, Pat Bourne, Jay Caspary, Keith Tynes, John Mills,
SPPprojecttracking@spp.org, Phil Crissup, Jacob Langthorn IV, Travis Hyde