

SPP Notification to Construct

February 8, 2010

SPP-NTC-20073

Ms. Terri Gallup
American Electric Power
212 E. 6th St.
Tulsa, OK 74119

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Ms. Gallup,

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 American Electric Power, 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: 546

Project Name: Multi - Hobart Junction - Carnegie - Southwest Station 138 kV

Need Date for Project: 6/1/2013

Estimated Cost for Project: \$37,180,000

Network Upgrade ID: 10695

Network Upgrade Description: Rebuild the 26.2 mile Carnegie - Hobart Junction 138 kV line from 397 ACSR to 1272 ACSR. Replace three switches, wave traps and jumpers. Reset CTs and relays.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 287 MVA.

Network Upgrade Justification: To address the system-intact overload of Carnegie - Hobart Junction 138 kV as well as for the loss of Finney Switching Station - Holcomb 345 kV.

Need Date for Network Upgrade: 6/1/2013

Estimated Cost for Network Upgrade (current day dollars): \$26,150,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Network Upgrade ID: 10696, 10697

Network Upgrade Description: Reconductor the 14.37 mile Southwest Station - Carnegie 138 kV line from 795 ACSR to 1272 ACSR. Replace wave traps and jumpers.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 235 MVA.

Network Upgrade Justification: To address the system-intact overload of Carnegie - Southwest Station 138 kV as well as for the loss of Finney Switching Station - Holcomb 345 kV.

Need Date for Network Upgrade: 6/1/2013

Estimated Cost for Network Upgrade (current day dollars): \$11,030,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Project ID: 657

Project Name: XFR - Pryor Junction 115/69 kV

Need Date for Project: 6/1/2010

Estimated Cost for Project: \$150,000

Network Upgrade ID: 10862

Network Upgrade Description: Replace three 600 A switches with 1200 A switches on Pryor Junction 115/69 kV.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the transformer for emergency rating 100 MVA.

Network Upgrade Justification: To address the overload of the Pryor Junction 115/69 kV transformer for the outage of Catoosa - Inola Tap 138 kV line or Chouteau - Inola Tap 138 kV line or other various contingencies.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$150,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Project ID: 767

Project Name: Multi - Canadian River - McAlester City 345/138 kV

Need Date for Project: 6/1/2010

Estimated Cost for Project: \$31,300,000

Network Upgrade ID: 11011

Network Upgrade Description: Convert 17 mile Canadian River - McAlester City line from 69 kV to 138 kV.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 471 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 in the base case. Also addresses low voltage at McAlester City substations.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$17,000,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Network Upgrade ID: 11012

Network Upgrade Description: Tap Pittsburg - Muskogee 345 kV about 33 miles north of the Pittsburg substation and step down to 138 kV with a 450 MVA autotransformer.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Install the transformer for emergency rating 495 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 in the base case. Also addresses low voltage at McAlester City substations.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$8,500,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Network Upgrade ID: 11183

Network Upgrade Description: Rebuild McAlester City Tap 138 kV and eliminate the 'T' at McAlester City North Tap.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 107 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 in the base case. Also addresses low voltage at McAlester City substations.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$2,900,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Network Upgrade ID: 11184

Network Upgrade Description: While rebuilding McAlester City Tap 138 kV, double circuit existing 138 kV line and eliminate the 'T' at McAlester City North Tap.

Network Upgrade Owner: American Electric Power

MOPC Representative: Paul Johnson, Richard Ross

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to emergency rating 105 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 in the base case. Also addresses low voltage at McAlester City substations.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$2,900,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Project ID: 875

Project Name: XFR - Sugar Hill 138/69 kV

Need Date for Project: 4/1/2012

Estimated Cost for Project: \$100,000

Network Upgrade ID: 11155

Network Upgrade Description: Replace 69 kV switch 11985 and 1033 AAC jumpers at Sugar Hill.

Network Upgrade Owner: American Electric Power
MOPC Representative: Paul Johnson, Richard Ross
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: Upgrade the transformer for emergency rating 180 MVA.
Network Upgrade Justification: To address the overload of the Sugar Hill 138/69 kV transformer for the outage of SE Texarkana - Texarkana 69 kV or the SE Texarkana 138/9 kV transformer or other various contingencies.
Need Date for Network Upgrade: 4/1/2012
Estimated Cost for Network Upgrade (current day dollars): \$100,000
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP

Withdrawal of Upgrades

Previous NTC number: 20016
Previous NTC issue Date: 1/16/2009
Project ID: 345
Project Name: Line - Magnolia - Forest Hill 69 kV

Network Upgrade ID: 10442
Network Upgrade Description: Replace 69 kV switches at Magnolia Tap for new emergency limit 85 MVA.
Reason For Change: Withdraw. The switches that limited the line were removed in 2008.

Previous NTC number: 20000
Previous NTC issue Date: 2/13/2008
Project ID: 347
Project Name: Line - Woodlawn - Baldwin 69 kV

Network Upgrade ID: 10444
Network Upgrade Description: Reconductor 2.7 mile Woodlawn - Baldwin 69 kV line with 477 ACSR. Reset relays.
Reason For Change: Withdraw. Baldwin - Woodlawn 69 kV did not overload using the 2009 STEP models with the new load forecast.

Previous NTC number: 20027
Previous NTC issue Date: 1/27/2009
Project ID: 477
Project Name: Line - Baldwin - Karnack Tap

Network Upgrade ID: 10614

Network Upgrade Description: Reconductor 6.9 miles with 477 ACSR from Baldwin - Karnack Tap 69 kV.

Reason For Change: Withdraw. Baldwin - Karnack Tap 69 kV did not overload using the 2009 STEP models with the new load forecast.

Withdrawal of Network Upgrade

American Electric Power 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 American Electric Power's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires American Electric Power 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, American Electric Power 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, Paul Johnson, Matthew McGee, Scott Rainbolt, Richard
Ross, Brent Wilson