

SPP Notification to Construct

June 30, 2010

SPP-NTC-20100

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

RE: Notification to Construct Approved Priority Projects

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. ("OGE"), as the Designated Transmission Owner, to construct the Network Upgrades.

During the April 27, 2010 meeting, the SPP Board of Directors approved the Group 2 Priority Projects as presented in the SPP Priority Projects, Rev. 1 report with the provision that NTC letters for the projects would not be issued until the Federal Electric Reliability Corporation ("FERC") made a favorable ruling on the highway/byway cost allocation methodology. On June 17, 2010, FERC issued Order 131 FERC ¶ 61,252 approving the Highway/Byway cost allocation methodology. On June 23, 2010, the SPP Board of Directors authorized issuance of NTCs for the Priority Projects.

New Network Upgrades

Project ID: 941

Project Name: Line – Hitchland - Woodward District EHV 345 kV double circuit*

Estimated In-Service Date for Project: 06/30/2014

Estimated Cost for Project: \$247,005,793 (cost for entire project including all entities)

Estimated Cost Source: OGE and Southwestern Public Service Company ("SPS")

Date of Cost Estimate: October 2009 (OGE and SPS) and March 2010 (SPS)

Network Upgrade ID: 11244, 11245

Network Upgrade Description: Double circuit 345 kV line from the Woodward District EHV substation to the SPS interception point from the Hitchland substation.

Network Upgrade Owner: OGE

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Categorization: High priority

Network Upgrade Specification: Build 345 kV double circuit transmission; 3,000 amp or greater capacity for each circuit, from the Woodward District EHV substation to the SPS interception point from the Hitchland substation. The total mileage of this Hitchland-Woodward District EHV line is 121 miles. OGE and SPS shall decide who shall build how much of these Network Upgrades and shall provide such information, along with specific cost estimates for each Designated Transmission Owner's portion of the Network Upgrades, to SPP in its response to this NTC. Upgrade the Woodward District EHV substation with the necessary breakers and terminal equipment.

Network Upgrade Justification: Priority Projects

Estimated In-Service Date for Network Upgrade: 06/30/2014

Estimated Cost for Network Upgrade (current day dollars): To be provided by Designated Transmission Owner(s)

Cost Allocation of the Network Upgrade: Base Plan

Project ID: 942

Project Name: Line – Woodward District EHV- Comanche County 345 kV double circuit*

Estimated In-Service Date for Project: 12/31/2014

Estimated Cost for Project: \$108,227,500 (cost for entire project including all entities)

Estimated Cost Source: OGE and Westar Energy, Inc

Date of Cost Estimate: October 2009

Network Upgrade ID: 11246, 11247

Network Upgrade Description: Double circuit 345 kV line from the Woodward District EHV substation to the Mid-Kansas Electric Company ("MKEC") interception point from the new Comanche County substation.

Network Upgrade Owner: OGE

MOPC Representative: Jacob Langthorn IV

TWG Representative: Travis Hyde

Categorization: High priority

Network Upgrade Specification: Build 345 kV double circuit transmission; 3,000 amp or greater capacity for each circuit, from the Woodward District EHV substation to the MKEC interception point from the Comanche County substation. The total mileage of this Woodward District EHV-Comanche County line is 55 miles. MKEC and OGE shall decide who shall build how much of these Network Upgrades and shall provide such information, along with specific cost estimates for each Designated Transmission Owner's portion of the Network Upgrades, to SPP in its response to this NTC. Upgrade the Woodward District EHV substation with the necessary breakers and terminal equipment.

Network Upgrade Justification: Priority Projects

Estimated In-Service Date for Network Upgrade: 12/31/2014

Estimated Cost for Network Upgrade (current day dollars): To be provided by Designated Transmission Owner(s)

Cost Allocation of the Network Upgrade: Base Plan

* These projects may be revised in early 2011 to require the projects be built at a higher voltage.

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.

Coordination with Neighbors

OGE is responsible for coordinating these jointly owned projects with other constructing Designated Transmission Owners. Coordination includes, but is not limited to, construction specifications, facility ratings, interception location, and construction timing.

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 the Network Upgrade(s) 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 OGE's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires OGE 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, OGE 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 these Projects, 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,

A handwritten signature in cursive script that reads "Bruce A. Rew".

Bruce Rew
Vice President, Engineering
Phone (501) 614-3214 • Fax: (501) 821-3198 • BRew@spp.org

cc: Carl Monroe, Les Dillahunty, Katherine Prewitt, Phil Crissup, Jacob Langthorn IV,
Travis Hyde, MKEC-Noman Williams, MKEC-Tom Hestermann, MKEC-Al Tamimi,
MKEC-Clarence Stuppes, SPS-John Fulton, SPS-William Grant