

## SPP Notification to Construct

June 30, 2010

SPP-NTC-20096

Mr. Paul Hassink  
American Electric Power  
212 E. 6th St.  
Tulsa, OK 74119

*RE: Notification to Construct Approved Priority Projects*

Dear Mr. Hassink,

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 ("AEP"), 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:** 936

**Project Name:** Line – Valliant - NW Texarkana 345 kV

**Estimated In-Service Date for Project:** 10/01/2014

**Estimated Cost for Project:** \$131,451,250

**Network Upgrade ID:** 11236

**Network Upgrade Description:** 345 kV from Valliant substation to NW Texarkana substation

**Network Upgrade Owner:** AEP

**MOPC Representative:** Paul Johnson, Richard Ross, Raja Sundararajan, Matt Vermillion

**TWG Representative:** Matthew McGee

**Categorization:** High Priority

**Network Upgrade Specification:** Build 76 miles of 345 kV transmission; 3000 amp capacity or greater, from Valliant substation to NW Texarkana substation. Upgrade the Valliant and NW Texarkana substations with the necessary breakers and terminal equipment.

**Network Upgrade Justification:** Priority Projects

**Estimated In-Service Date for Network Upgrade:** 10/01/2014

**Estimated Cost for Network Upgrade (current day dollars):** \$131,451,250

**Cost Allocation of the Network Upgrade:** Base Plan

**Estimated Cost Source:** AEP

**Date of Cost Estimate:** October 2009

**Project ID:** 937

**Project Name:** Tulsa Power Station Reactor

**Estimated In-Service Date for Project:** 10/01/2011

**Estimated Cost for Project:** \$842,847

**Network Upgrade ID:** 11237

**Network Upgrade Description:** Tulsa Power Station 138 kV reactor

**Network Upgrade Owner:** AEP

**MOPC Representative:** Paul Johnson, Richard Ross, Raja Sundararajan, Matt Vermillion

**TWG Representative:** Matthew McGee

**Categorization:** High Priority

**Network Upgrade Specification:** Install a 2% reactor at the Tulsa Power Station limiting flow on the Tulsa Power Station-Riverside 138 kV line.

**Network Upgrade Justification:** Priority Projects

**Estimated In-Service Date for Network Upgrade:** 10/01/2011

**Estimated Cost for Network Upgrade (current day dollars):** \$842,847

**Cost Allocation of the Network Upgrade:** Base Plan

**Estimated Cost Source:** AEP

**Date of Cost Estimate:** October 2009

### **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.

### **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 AEP's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires AEP 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, AEP 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 black ink 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, Paul Johnson, Richard Ross, Raja Sundararajan, Matt Vermillion, Matthew McGee, Scott Rainbolt, Robert Bradish