



**Riley Hill**

*President and Chief Executive Officer-  
Southwestern Public Service Company*

600 S. Tyler Str, Suite 29B01  
Amarillo, TX 79101  
[clyde.r.hill@xcelenergy.com](mailto:clyde.r.hill@xcelenergy.com)  
Phone: 806.378.2922

September 27, 2010

Mr. Bruce Rew, Vice President  
Southwest Power Pool  
415 McKinley Street, Suite #140  
Little Rock, AR 72205

**RE: SPP-NTC-20099, dated June 30, 2010**

Dear Mr. Rew:

Southwestern Public Service Company ("SPS") hereby responds to the Southwest Power Pool ("SPP") Notification to Construct ("NTC") dated June 30, 2010, referred to as SPP-NTC-20099. The NTC seeks a commitment from SPS to construct 1 project and 2 identified New Network Upgrades - that have been assigned to SPS. As detailed below, this response will constitute SPS's commitment, under Attachment O, Section VIII of the SPP Open Access Transmission Tariff, to construct the project identified in SPP-NTC-20099.

As SPS completes its detailed design and engineering and internal capital budgeting processes for the upgrade, updated project scheduling information will be provided to the SPP through the Quarterly Tracking reports.

As with any Transmission Owner receiving an SPP NTC for new transmission projects, SPS's commitment to construct the SPP-NTC-20099 project listed below also includes its intent to work with SPP to review the scope and configuration of any project should the subsequent development of a future contingency or change in circumstance affect the design, scope, or need for a project as currently planned. Such contingencies could include, but would not be limited to, SPS's obtaining all necessary local, state, and federal governmental approvals, the necessary corporate governance approvals within Xcel Energy for the related capital expenditures, adequate regulatory treatment that ensure cost recovery, or the option to assign the construction of a project(s) to an SPS affiliate, with SPP's approval. Also, wholesale customers on the SPS system are changing their system resource and operation plans, which may drive additional SPS work with SPP to address any relevant changes in circumstance which may affect certain associated projects.

SPS and Oklahoma Gas & Electric Company (“OG&E”) have agreed SPS will construct the segment of line from SPS's Hitchland Substation eastward in the Oklahoma Panhandle to a point at or near the eastern Texas County, Oklahoma, boundary where SPS will interconnect with OG&E facilities that will proceed eastward from that interconnection point to the Woodward EHV Substation. Please see the attached agreement between SPS and OG&E.

The project identified in SPP-NTC-20099 is:

**New Network Upgrades**

**Upgrade ID:** 11241, 11242

**Upgrade Description:** Double circuit 345 kV line from the Hitchland substation to the OG&E interception point from the Woodward District EHV substation. The OG&E interception point will be the eastern edge of Texas County, Oklahoma/western edge of Beaver County, Oklahoma.

**SPS Projected In-Service Date:** 06/30/2014

**Upgrade ID:** 11243

**Upgrade Description:** Hitchland 345/230 kV transformer ckt 2

**SPS Projected In-Service Date:** 06/30/2014

Should there be any questions, please feel free to contact Mr. John Fulton of SPS.

Sincerely,



Riley Hill

President and Chief Executive Officer

Attachment

cc: Bob Lux, Keith Tynes – SPP

Teresa Mogensen, Ian Benson, Bruce Cude,  
David Hudson, and Gerald Deaver – Xcel Energy

OGE Energy Corp. PO Box 321, M/C 408  
Oklahoma City, Oklahoma 73101-0321  
Tel 405-553-3225



September 27, 2010

Mr. Riley Hill, President  
Southwestern Public Service Company  
600 S. Tyler, Suite 2900  
Amarillo, TX 79101

Re: Letter Agreement between Southwestern Public Service Company and OGE Energy Corp.  
Regarding Construction, Ownership and Operation of New Network Upgrades

Mr. Hill:

Pursuant to discussions related to the Southwest Power Pool ("SPP") Notifications to Construct ("NTC") SPP-NTC-20041, SPP-NTC-20043, SPP-NTC-20100 and SPP-NTC-20099, Southwestern Public Service Company ("SPS") and OGE Energy Corp. ("OGE") and its subsidiary Oklahoma Gas & Electric Company ("OG&E"), agree to the general terms and conditions described herein.

**Hitchland Substation to Woodward District EHV 345kV**

On June 30, 2010, SPS received SPP-NTC-20099 from the SPP designating SPS to construct new Network Upgrades. The Network Upgrade Description states "Double circuit 345 kV line from the Hitchland substation to the OGE interception point from the Woodward District EHV substation."

On June 30, 2010, OG&E received SPP-NTC-20100 from the SPP designating OG&E to construct new Network Upgrades. The Network Upgrade Description states "Double circuit 345 kV line from the Woodward District EHV substation to the SPS interception point from the Hitchland substation."

Per these Hitchland-to-Woodward District EHV NTCs, SPS and OG&E agree that the interception point for the Hitchland substation to the Woodward District EHV substation shall be the eastern edge of Texas County, Oklahoma / western edge of Beaver County, Oklahoma.

The parties to this Letter Agreement agree that SPS shall build, own and operate all transmission assets from the Hitchland Substation to this interception point and OG&E shall build and operate transmission assets from the Woodward District EHV substation to this interception point.

### **Tuco Substation to Woodward District EHV 345kV**

On June 19, 2009, SPS received SPP-NTC-20043 from the SPP designating SPS to construct new Network Upgrades. The Network Upgrade Description states "345 kV line from Tuco to Oklahoma Gas and Electric Co. ("OKGE") interception of 345 kV line from Woodward District EHV" and "Tuco 345/230 kV, 560 MVA auto transformer and mid-point reactor station." SPS accepted this NTC on September 15, 2009.

On June 19, 2009, OG&E received SPP-NTC-20041 from the SPP designating OG&E to construct new Network Upgrades. The Network Upgrade Description for Project ID 701 / Network Upgrade ID 10932 states "345 kV line from OKGE Woodward District EHV substation to Southwestern Public Service ("SPS") interception of 345 kV line at the Oklahoma/Texas state line." OG&E accepted this NTC on July 23, 2009.

OG&E and SPS agree that the interception point referenced in the NTCs and the Letters of Commitment and further defined as the connection to the dead-end insulator string on the SPS side of the reactor station will be in Oklahoma at a location near the Oklahoma / Texas border per ongoing SPS and OG&E routing discussions.

By this agreement, OG&E and SPS further agree that SPS elects to assign the right to construct and own the "...mid-point reactor station" described in SPP-NTC-20043 to OG&E. The parties to this Letter Agreement agree that the reactor station will be built, owned and operated by OG&E at the interception point described above. Any line reactor which is required on either the OG&E or SPS owned line sections will be owned by OG&E or SPS respectively. Any bus reactors required at this station will be owned by OG&E. OG&E and SPS are aware that the SPP may issue NTCs to expand this station in the future.

*(See Attached Notifications to Construct and Commitment Letters)*

### **Obligations of the Parties:**

OG&E shall be responsible for all aspects and all costs of the projects designated to OG&E in this agreement, and SPS shall be responsible for all aspects and all costs of the projects designated to SPS in this agreement. These responsibilities will include, but not be limited to, engineering and design, financing, construction, acquisition of all materials, acquisition of necessary real estate rights and interests, construction, operation, maintenance and future capital improvements of the projects.

OG&E and SPS agree to jointly develop and submit responses to the SPP NTCs for Hitchland to Woodward District EHV (SPP-NTC-20099 and SPP-NTC-20100) consistent with the terms of this Letter Agreement by the SPP's response deadline of September 28, 2010.

**General Understandings/Agreements:**

This Letter Agreement is entered into pursuant to Section 3.3.c. of the SPP Membership Agreement, which affords a transmission-owning member of the SPP the right to designate another entity to fulfill its construction responsibilities, and is subject to the conditions contained herein.

It is not the intention of OG&E or SPS that this Letter Agreement, or any action or communication by OG&E or SPS with respect to this Letter Agreement, create, or be deemed to create, any agency, partnership, joint venture, association or other fiduciary relationship between the parties. Neither party shall have, or be deemed to have, any fiduciary duty or obligation of any kind whatsoever, whether as agent, partner, member of a joint venture or association or otherwise, to the other party under or arising from this Letter Agreement or otherwise in connection with the commitments made herein.

The principal contacts for this Letter Agreement and the commitments made herein are:

***OGE/OG&E***

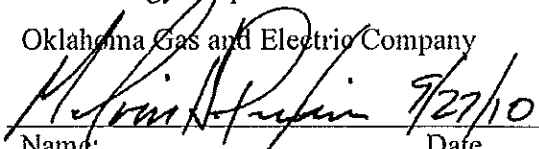
Name: Melvin H. Perkins, Jr.  
Title: Vice President, Power Delivery  
Address: P.O. Box 321  
Oklahoma City, OK 73101  
Phone: (405) 553-3225  
Fax: (405) 553-3760  
Email: perkinmh@oge.com

***Xcel Energy/SPS***

Name: Ms. Teresa M. Mogensen  
Title: Vice President, Transmission  
Xcel Energy Services Inc.  
Address: 414 Nicollet Mall (MP-8)  
Minneapolis, MN 55401  
Phone: (612) 330-7947  
Fax: (612) 573-1815  
Email: Teresa.M.Mogensen@xcelenergy.com

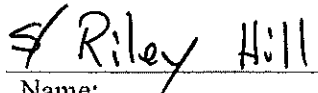
**IN WITNESS WHEREOF**, each undersigned representative of OGE/OG&E and SPS certify that he or she is authorized to enter into this Letter Agreement and to bind the parties to the terms of this Letter Agreement. The parties, intending to be legally bound, do hereby execute this Letter Agreement and commit to its principles and its responsibilities.

OGE Energy Corp.  
Oklahoma Gas and Electric Company

  
Name: \_\_\_\_\_ Date: 9/27/10

Title: Vice President, Power Delivery

Southwestern Public Service Company

  
Name: \_\_\_\_\_ Date: 9/27/10

Title: President and CEO,  
Southwestern Public Service Company



HELPING OUR MEMBERS WORK TOGETHER  
TO KEEP THE LIGHTS ON... TODAY AND IN THE FUTURE

## SPP Notification to Construct

June 30, 2010

SPP-NTC-20099

Mr. John Fulton  
Southwestern Public Service Company  
PO Box 1261  
Amarillo, TX 79170

*RE: Notification to Construct Approved Priority Projects*

Dear Mr. Fulton,

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 Southwestern Public Service Company ("SPS"), 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:** 940

**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:** SPS and Oklahoma Gas and Electric Co. ("OGE")

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

**Network Upgrade ID:** 11241, 11242

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

**Network Upgrade Owner:** SPS

**MOPC Representative:** William Grant  
**TWG Representative:** John Fulton  
**Categorization:** High priority  
**Network Upgrade Specification:** Build 345 kV double circuit transmission; 3,000 amp or greater capacity for each circuit, from the Hitchland substation to the OGE interception point from the Woodward District EHV 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. For the new Woodward-Hitchland lines, upgrade the Hitchland 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

**Network Upgrade ID:** 11243  
**Network Upgrade Description:** Hitchland 345/230 kV transformer ckt 2  
**Network Upgrade Owner:** SPS  
**MOPC Representative:** William Grant  
**TWG Representative:** John Fulton  
**Categorization:** High priority  
**Network Upgrade Specification:** Install a second 560 MVA 345/230 kV transformer at the Hitchland substation.  
**Network Upgrade Justification:** Priority Projects  
**Estimated In-Service Date for Network Upgrade:** 06/30/2014  
**Estimated Cost for Network Upgrade (current day dollars):** \$8,883,760  
**Cost Allocation of the Network Upgrade:** Base Plan  
**Estimated Cost Source:** SPS  
**Date of Cost Estimate:** March 2010

\*This project may be revised in early 2011 to require the project 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**

SPS 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 SPS's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires SPS submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. SPS 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  
Phone (501) 614-3214 • Fax: (501) 821-3198 • [BRew@spp.org](mailto:BRew@spp.org)

cc: Carl Monroe, Les Dillahunty, Katherine Prewitt, William Grant, OGE-Mel Perkins,  
OGE-Phil Crissup, OGE-Jacob Langthorn VI, OGE-Travis Hyde



**SPP**  
**Notification to Construct**

June 19, 2009

SPP-NTC-20043

Mr. William Grant  
Southwestern Public Service Company  
6086 48<sup>th</sup> Street  
Amarillo, TX 79109

**RE: Notification to Construct Approved Balanced Portfolio Network Upgrades**

Dear Mr. Grant:

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 Southwestern Public Service Company ("SPS"), as the Designated Transmission Owner, to construct the following approved Network Upgrades.

During the April 28, 2009 meeting, the SPP Board of Directors approved Balanced Portfolio 3E "adjusted" and directed the following Network Upgrades to be constructed contingent upon the approval of the Balanced Portfolio Report by the Markets and Operations Policy Committee ("MOPC"). On June 12, 2009 the MOPC approved the 2009 Balanced Portfolio Report.

**Project ID:** 704

**Project Name:** Tuco – Woodward District EHV 345 kV line

**Estimated In-Service Date for Project:** 05/19/2014

**Estimated Cost for project:** \$148,727,500

**Network Upgrade ID:** 10936

**Network Upgrade Description:** 345 kV line from Tuco to Oklahoma Gas and Electric Co. ("OKGE") interception of 345 kV line from Woodward District EHV

**Network Upgrade Owner:** SPS

**MOPC Representative:** William Grant

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Construct 178 miles of 345 kV, 3000 amp or greater capacity transmission line from SPS Tuco substation to the OKGE interception around the Texas/Oklahoma state line and acquire right-of-way able to accommodate the 345 kV line.

**Network Upgrade Justification:** Balanced Portfolio 3E "adjusted"

**Estimated In-Service Date for Network Upgrade:** 5/19/2014

**Estimated Cost for Network Upgrade (current day dollars):** \$122,597,500

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** SPS

**Date of Cost Estimate:** April 2009

**Network Upgrade ID:** 10937

**Network Upgrade Description:** Tuco 345/230 kV, 560 MVA auto transformer and mid-point reactor station

**Network Upgrade Owner:** SPS

**MOPC Representative:** William Grant

**Categorization:** Balanced Portfolio Network Upgrade

**Network Upgrade Specifications:** Expand the SPS Tuco substation to include a 345/230 kV, 560 MVA auto transformer with a 345 kV ring bus configuration. Build a mid-point reactor station along the Tuco – Woodward District EHV 345 kV line.

**Network Upgrade Justification:** Balanced Portfolio 3E “adjusted”

**Estimated In-Service Date for Network Upgrade:** 5/19/2014

**Estimated Cost for Network Upgrade (current day dollars):** \$26,130,000

**Source of funding for Network Upgrade:** Region-wide charge as specified by Attachment J, SPP OATT

**Source of Cost Estimate:** SPS

**Date of Cost Estimate:** April 2009

SPS is responsible for coordinating this jointly owned project with the other constructing Designated Transmission Owner. Coordination includes but is not limited to construction specifications, facility ratings, interception location, and construction timing.

Please provide to SPP a written commitment to construct the Network Upgrades 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 Upgrades. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrades being assigned to another entity.

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.

On an ongoing basis, please keep SPP advised of any inability on SPS’s part to complete the approved Network Upgrades. For project tracking purposes, SPP requires SPS to submit updates on the status of the Network Upgrades on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, SPS 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 letter shall vary such terms and conditions.

Feel free 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.



HELPING OUR MEMBERS WORK TOGETHER  
TO KEEP THE LIGHTS ON... TODAY AND IN THE FUTURE

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Sincerely,

*Bruce A. Rew*

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

cc: Carl Monroe, Les Dillahunty, Pat Bourne, Jay Caspary, Keith Tynes, [SPPProjecttracking@spp.org](mailto:SPPProjecttracking@spp.org),  
John Fulton, OKGE Mel Perkins, OKGE Phil Crissup, OKGE Travis Hyde, OKGE Jacob Langthorn IV