SPP-NTC-200166

SPP
Notification to Construct

April 9, 2012

Mr. John Fulton
Southwestern Public Service Company
P.O. Box 1261
Amarillo, TX 79105

RE: Notification to Construct Approved ITPNT Network Upgrades

Dear Mr. Fulton,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VI, 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 Upgrade(s).

On January 31, 2012, the SPP Board of Directors approved the Network Upgrade(s) listed below to be constructed as part of the 2012 Integrated Transmission Planning Near-Term ("ITPNT") Assessment.

New Network Upgrades

Project ID: 151
Project Name: XFR - Tuco 115/69 kV Transformer Ckt 3
Need Date for Project: 6/1/2012
Estimated Cost for Project: $2,917,852

Network Upgrade ID: 10195
Network Upgrade Name: Tuco Interchange 115/69 kV Transformer Ckt 3
Network Upgrade Description: Add third Tuco 115/69 kV autotransformer.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 84 MVA, but are not limited to that amount.
Network Upgrade Justification: To address loading on the Tuco Interchange transformers Ckt 1 and 2 for the outage of the parallel transformer.

Estimated Cost for Network Upgrade (current day dollars): $2,917,852
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 1/25/2012

Project ID: 461
Project Name: Line - Curry - Bailey 115kV
Need Date for Project: 6/1/2012
Estimated Cost for Project: $9,132,270

Network Upgrade ID: 10597
Network Upgrade Name: Bailey County Interchange - Curry County Interchange 115 kV Ckt 1
Network Upgrade Description: Build 40 miles of 115 kV transmission line between Bailey County and Curry County.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 300 MVA, but are not limited to that amount.
Network Upgrade Justification: To address voltage issues at Bailey County 115 kV substation for system intact conditions.
Estimated Cost for Network Upgrade (current day dollars): $9,132,270
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 9/20/2011

Project ID: 805
Project Name: Multi - Bowers - Howard 115 kV Ckt 1
Need Date for Project: 6/1/2016
Estimated Cost for Project: $17,407,520

Network Upgrade ID: 11067
Network Upgrade Name: Bowers Interchange 115/69 kV Transformer Ckt 2
Network Upgrade Description: Install second 115/69 kV transformer at Bowers.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 96 MVA, but are not limited to that amount.

Network Upgrade Justification: To mitigate voltage issues at Bowers Interchange and Grapevine area for the loss of Bowers - Grapevine 115 kV line or Bowers 115/69 kV transformer Ckt 1 and other various contingencies.
Estimated Cost for Network Upgrade (current day dollars): $4,120,585
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/6/2011

Network Upgrade ID: 50453
Network Upgrade Name: Bowers - Howard 115 kV
Network Upgrade Description: Build new 38-mile 115 kV line from Bowers Interchange - Howard. At Bowers, install 115 kV breaker positions to serve the new transmission line, converting to a three-breaker ring configuration.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 199 MVA, but are not limited to that amount.
Network Upgrade Justification: To mitigate voltage issues at Bowers Interchange and Grapevine area for the loss of Bowers - Grapevine 115 kV line or Bowers 115/69 kV transformer Ckt 1 and other various contingencies.
Estimated Cost for Network Upgrade (current day dollars): $13,286,935
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/6/2011

Project ID: 836
Project Name: Sub - Convert Muleshoe East 69 kV to 115 kV
Need Date for Project: 6/1/2012
Estimated Cost for Project: $1,634,119

Network Upgrade ID: 11104
Network Upgrade Name: Convert Muleshoe 69 kV to 115 kV
Network Upgrade Description: Tap Bailey County Interchange - Plant X 115 kV line and convert Muleshoe East substation to 115 kV operation.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an

emergency rating of 160 MVA, but are not limited to that amount.
Network Upgrade Justification: To address overloads due to the outage of either parallel transformer at Curry County or Bailey County.
Estimated Cost for Network Upgrade (current day dollars): $1,634,119
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 6/1/2011

Project ID: 839
Project Name: Multi - Kress Interchange - Kiser - Cox 115 kV
Need Date for Project: 6/1/2014
Estimated Cost for Project: $26,629,219

Network Upgrade ID: 50450
Network Upgrade Name: Kiser Substation 115/69 kV Ckt 1
Network Upgrade Description: Build new Kiser substation. Install a 115/69 kV transformer and 69 kV terminal equipment to connect to the local 69 kV system.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 97 MVA, but are not limited to that amount.
Network Upgrade Justification: To address overloads and low voltage in Kress - Plainview areas due to area load growth.
Estimated Cost for Network Upgrade (current day dollars): $4,500,000
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPP
Date of Estimated Cost: 12/9/2011

Project ID: 884
Project Name: XFR - Eddy County 230/115 kV Transformer Ckt 2
Need Date for Project: 6/1/2014
Estimated Cost for Project: $6,761,086

Network Upgrade ID: 11173
Network Upgrade Name: Eddy County Interchange 230/115 kV Transformer Ckt 2
Network Upgrade Description: Install second 230/115 kV transformer at Eddy Co.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 168 MVA, but are not limited to that amount.
Network Upgrade Justification: To address loading on the Eddy County Interchange 230/115 kV transformer for the outage of the Seven Rivers Interchange 230/115 kV transformer and various other contingencies.
Estimated Cost for Network Upgrade (current day dollars): $6,761,086
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/6/2011

Project ID: 1003
Project Name: XFR - Grassland 230/115 kV Transformer Ckt 1
Need Date for Project: 6/1/2015
Estimated Cost for Project: $3,961,322

Network Upgrade ID: 11317
Network Upgrade Name: Grassland Interchange 230/115 kV Transformer Ckt 1
Network Upgrade Description: Upgrade Grassland 230/115 kV transformer Ckt 1.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 165 MVA, but are not limited to that amount.
Network Upgrade Justification: To address the overload of the Grassland 230/115 kV transformer for the outage of Lubbock South Interchange-Woodrow Interchange 115 kV.
Estimated Cost for Network Upgrade (current day dollars): $3,961,322
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 9/14/2011

Project ID: 1033
Project Name: Line - Randall - South Georgia 115 kV reconductor
Need Date for Project: 6/1/2017
Estimated Cost for Project: $6,921,313

Network Upgrade ID: 11358
Network Upgrade Name: Randall County Interchange - South Georgia Interchange 115 kV Ckt 1 # 2
Network Upgrade Description: Reconductor 4.1 miles of 6.1-mile 115 kV line from Randall County to South Georgia.
Network Upgrade Owner: SPS

MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 270 MVA, but are not limited to that amount.
Network Upgrade Justification: To address the overload of the Randall County-South Georgia 115 kV line for the outage of the Amarillo South Interchange 230/115 kV transformer.
Estimated Cost for Network Upgrade (current day dollars): $6,921,313
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 9/26/2011

Project ID: 1141
Project Name: XFR - Spearman 115/69/13.2 Ckt 1 Upgrade
Need Date for Project: 6/1/2013
Estimated Cost for Project: $2,394,495

Network Upgrade ID: 11505
Network Upgrade Name: Spearman 115/69/13.2 kV Transformer Ckt 1
Network Upgrade Description: Upgrade the Spearman 115/69 kV transformer.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 105 MVA, but are not limited to that amount.
Network Upgrade Justification: To address overloading on the Spearman Interchange 115/69 kV transformer Ckt 1 for the outage of Spearman 69 kV switched shunt capacitor bank. It also addresses Spearman Interchange 115/69 kV transformer overloading in later years for system intact conditions.
Estimated Cost for Network Upgrade (current day dollars): $2,394,495
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 8/1/2011

Project ID: 30087
Project Name: Device - Bushland Interchange 230 kV Capacitor
Need Date for Project: 6/1/2012
Estimated Cost for Project: $1,071,475

Network Upgrade ID: 50093
Network Upgrade Name: Bushland Interchange 230 kV
Network Upgrade Description: Install two 50 Mvar capacitors at Bushland Interchange 230 kV.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: Install at least 100 Mvar of capacitance.
Network Upgrade Justification: To address low voltage at Bushland Interchange 230 kV for the outage of Bushland Interchange-Potter County Interchange 230 kV.
Estimated Cost for Network Upgrade (current day dollars): $1,071,475
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/6/2011

Project ID: 30332
Project Name: Device - Drinkard 115 kV Capacitor
Need Date for Project: 6/1/2015
Estimated Cost for Project: $1,349,807

Network Upgrade ID: 50379
Network Upgrade Name: Drinkard Sub 115 kV
Network Upgrade Description: Install 14.4 Mvar capacitor at Drinkard 115 kV.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: Install at least 14.4 Mvar of capacitance.
Network Upgrade Justification: To address low voltage at Drinkard 115 kV and surrounding area for the outages of Drinkard - Drinkard Tap 115 kV, Drinkard Tap - West Hobbs 115 kV, or IMC #1 Tap - Potash Junction 115 kV.
Estimated Cost for Network Upgrade (current day dollars): $1,349,807
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 9/18/2011

Project ID: 30351
Project Name: Device - Crosby 115 kV Capacitor
Need Date for Project: 6/1/2012
Estimated Cost for Project: $1,336,466

Network Upgrade ID: 50401
Network Upgrade Name: Crosby 115 kV
Network Upgrade Description: Install 14.4 Mvar capacitor at Crosby 115 kV.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: Install at least 14.4 Mvar of capacitance.
Network Upgrade Justification: To address low voltage at Crosby 115 kV for the outage of Crosby County Interchange - Lubbock East Interchange 115 kV.
Estimated Cost for Network Upgrade (current day dollars): $1,336,466
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 10/28/2011

Project ID: 30353
Project Name: Sub - Move lines from Lea Co 230/115 kV sub to Hobbs Interchange 230/115 kV
Need Date for Project: 1/1/2014
Estimated Cost for Project: $8,270,297

Network Upgrade ID: 50402
Network Upgrade Name: Move lines from Lea County to Hobbs 230/115 kV
Network Upgrade Description: Modify Hobbs 230 kV bus to provide termination points for moving 230 kV lines from Lea County Sub to Hobbs. Retire Lea County 230/115 kV transformer. Install new 230/115 kV transformer at Hobbs.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 240 MVA, but are not limited to that amount.
Network Upgrade Justification: To mitigate overload on Hobbs 230/115 kV transformer due to loss of Hobbs - Lea County 230 kV line.
Estimated Cost for Network Upgrade (current day dollars): $8,270,297
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/6/2011

Project ID: 30356
Project Name: Multi - Cedar Lake Interchange 115 kV

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Need Date for Project: 6/1/2012
Estimated Cost for Project: $10,027,742

Network Upgrade ID: 50406
Network Upgrade Name: Cedar Lake Interchange 115/69 kV Transformer Ckt 1
Network Upgrade Description: Install new 115/69 kV transformer at new Cedar Lake Interchange.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 84 MVA, but are not limited to that amount.
Network Upgrade Justification: To address the overload of the Sulphur Interchange 115/69 kV transformer Ckt 1 or Ckt 2 for the outage of the parallel transformer.
Estimated Cost for Network Upgrade (current day dollars): $3,914,970
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/1/2011

Network Upgrade ID: 50407
Network Upgrade Name: Sulphur Interchange - Cedar Lake Interchange 115 kV Ckt 1
Network Upgrade Description: Build 12 miles of new 115 kV line from Sulphur Interchange to Cedar Lake Interchange.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 173 MVA, but are not limited to that amount.
Network Upgrade Justification: To address the overload of the Sulphur Interchange 115/69 kV transformer Ckt 1 or Ckt 2 for the outage of the parallel transformer.
Estimated Cost for Network Upgrade (current day dollars): $6,112,772
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/1/2011

Upgrades with Modifications

Previous NTC Number: 20084
Previous NTC Issue Date: 2/8/2010

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Project ID: 839
Project Name: Multi - Kress Interchange - Kiser - Cox 115 kV
Need Date for Project: 6/1/2014
Estimated Cost for Project: $26,629,219

Network Upgrade ID: 11107
Network Upgrade Name: Kress Interchange - Kiser 115 kV Ckt 1
Network Upgrade Description: Build new 22-mile Kress Interchange - Kiser 115 kV.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Reason for Change: Modifying project to terminate at Kiser instead of Plainview City. Part of the project required the installation of a 115/69 kV transformer at the existing Plainview City 69 kV substation. Various 115 kV lines would be connected there. After SPS worked with the City of Plainview, a nearby location (Kiser) was identified for the 115/69 kV transformer and the 115 kV switching station.
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 173 MVA, but are not limited to that amount.
Network Upgrade Justification: To address overloads and low voltage in Kress - Plainview areas due to area load growth.
Estimated Cost for Network Upgrade (current day dollars): $15,538,805
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/15/2011

Network Upgrade ID: 11109
Network Upgrade Name: Cox Interchange - Kiser 115 kV Ckt 1 #2
Network Upgrade Description: Build new 10-mile Cox - Kiser 115 kV line.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Reason for Change: Modifying project to terminate at Kiser instead of Plainview City. Part of the project required the installation of a 115/69 kV transformer at the existing Plainview City 69 kV substation. Various 115 kV lines would be connected there. After SPS worked with the City of Plainview, a nearby location (Kiser) was identified for the 115/69 kV transformer and the 115 kV switching station.
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 173 MVA, but are not limited to that amount.
Network Upgrade Justification: To address overloads and low voltage in Kress -

Plainview areas due to area load growth.
Estimated Cost for Network Upgrade (current day dollars): $6,590,414
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 12/15/2011

Previous NTC Number: 20130
Previous NTC Issue Date: 2/14/2011
Project ID: 1034
Project Name: Line - Hereford - Northeast Hereford 115 kV Ckt 1
Need Date for Project: 6/1/2012
Estimated Cost for Project: $5,631,390

Network Upgrade ID: 11359
Network Upgrade Name: Hereford Interchange - Northeast Hereford Interchange 115 kV Ckt 1
Network Upgrade Description: Convert Hereford Interchange - Northeast Hereford Interchange 69 kV line to 115 kV service.
Network Upgrade Owner: SPS
MOPC Representative: William Grant
TWG Representative: John Fulton
Reason for Change: Upgrade was re-evaluated to determine if the existing 4/0 ACSR conductor could be used and prevent replacing the existing structures. SPP determined the 4/0 ACSR would provide adequate capacity.
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 95 MVA, but are not limited to that amount.
Network Upgrade Justification: To address the overload of Hereford 115/69 kV transformer Ckt 1 or Ckt 2 or Hereford - Northeast (NE) Hereford 69 kV for the loss of NE Hereford 115/69 kV transformer. In later years it addresses low voltages at Deaf Smith REC #5 & #11 69 kV, Hereford Centre St. 69 kV, Deaf Smith Metering Station 69 kV and NE Hereford Interchange 115 kV for the loss of Deaf Smith County Interchange - NE Hereford Interchange 115 kV Ckt 1.
Estimated Cost for Network Upgrade (current day dollars): $5,631,390
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 1/30/2012

Withdrawal of Upgrades

Previous NTC Number: 20084

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Previous NTC Issue Date: 2/8/2010
Project ID: 839
Project Name: Multi - Kress Interchange - Kiser - Cox 115 kV

Network Upgrade ID: 11108
Network Upgrade Name: Plainview City 115/69 kV Transformer Ckt 1
Network Upgrade Description: Add new Plainview County 115/69 kV transformer with 44/50.6 MVA ratings.
Reason for Change: This upgrade is replaced by UID 50450. Part of the project required the installation of a 115/69 kV transformer at the existing Plainview City 69 kV substation. Various 115 kV lines would be connected there. SPS worked with the City of Plainview and a nearby location (Kiser) was identified for the 115/69 kV transformer and the 115 kV switching station.

Previous NTC Number: 20130
Previous NTC Issue Date: 2/14/2011
Project ID: 1030
Project Name: Line - Abernathy - Tuco 115 kV Ckt 1

Network Upgrade ID: 11354
Network Upgrade Name: Tuco 115 kV - SP-Abernathy 115 kV
Network Upgrade Description: Construct approximately 6 miles of 115 kV line from Tuco Interchange to SP-Abernathy substation. Convert SP-Abernathy substation to 115 kV service.
Reason for Change: Upgrade replaced by the addition of third Tuco 115/69 kV transformer (PID 151, UID 10195).

Withdrawal of Network Upgrade

SPS has been made aware of all Network Upgrades withdrawn through SPP's expansion plan process. This letter is the formal notification to stop any further work on the withdrawn Network Upgrade(s), collect any cost associated with the withdrawn Network Upgrade(s), and provide any cost 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 NTC, pursuant to Attachment O, Section VI.6 of the SPP OATT, in addition to providing a construction schedule and an updated ± 20% cost estimate, NTC Project Estimate, in the Standardized Cost Estimate Reporting Template for the Network Upgrade(s). Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

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Mitigation Plan
The Need Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required in the formulation and approval of any necessary mitigation plans for the Network Upgrade(s) included in 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 once 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
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 to submit status updates for the Network Upgrade(s) quarterly, 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 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,

Lanny Nickell
Vice President, Engineering
Phone: (501) 614-3232 • Fax: (501) 821-3198 • lnickell@spp.org

cc: Carl Monroe - SPP
Katherine Prewitt - SPP
William Grant - Southwestern Public Service Company