

SPP-NTC-200183

SPP
Notification to Construct with Conditions

April 9, 2012

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

RE: Notification to Construct Approved ITP10 Network Upgrades

Dear Mr. Hassink,

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 American Electric Power ("AEP"), as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is Conditioned upon AEP not ordering materials or beginning construction until:

(1) the DTO submits a refined project cost estimate (CPE) to SPP that has a variance bandwidth of -20% to +20% that does not exceed the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices; **or**

(2) the SPP Board of Directors considers SPP's re-evaluation of a project that has a refined project cost estimate (CPE) from the DTO that exceeds the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices.

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 10-Year ("ITP10") Assessment.

New Network Upgrades

Project ID: 30361

Project Name: Multi - Elk City - Gracemont 345 kV

Need Date for Project: 3/1/2018

Estimated Cost for Project: \$175,061,392 (this project cost contains Network Upgrades not included in this NTC)

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Network Upgrade ID: 50413

Network Upgrade Name: Elk City - Gracemont 345kV Ckt 1 (AEP)

Network Upgrade Description: Build new 345 kV line from Elk City to Gracemont. The total mileage of this Elk City to Gracemont 345 kV line is 93 miles. AEP and Oklahoma Gas and Electric Co. 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-C.

Network Upgrade Owner: AEP

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

TWG Representative: Matthew McGee

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: To address the overload of Clinton Air Force Base Tap - Hobart Junction 138 kV, Elk City - Clinton Air Force Base Tap 138 kV, and Elk City 230/138 kV transformer for the loss of L.E.S. Oklaunion 345 kV and other various contingencies. To address the overload of Clinton Junction - Elk City 138 kV for the loss of a portion of Elk City - Clinton Air Force Base Tap - Hobart Junction 138 kV line.

Cost Allocation of the Network Upgrade: Base Plan

Network Upgrade ID: 50414

Network Upgrade Name: Elk City 345/230 kV Transformer Ckt 1

Network Upgrade Description: Expand Elk City substation (or build new station). Install a 345/230 kV 675 MVA transformer at Elk City.

Network Upgrade Owner: AEP

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

TWG Representative: Matthew McGee

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 675 MVA, but are not limited to that amount.

Network Upgrade Justification: To address the overload of Clinton Air Force Base Tap - Hobart Junction 138 kV, Elk City - Clinton Air Force Base Tap 138 kV, and Elk City 230/138 kV transformer for the loss of L.E.S. Oklaunion 345 kV and other various contingencies. To address the overload of Clinton Junction - Elk City 138 kV for the loss of a portion of Elk City - Clinton Air Force Base Tap - Hobart Junction 138 kV line.

Estimated Cost for Network Upgrade (current day dollars): \$18,060,547

Cost Allocation of the Network Upgrade: Base Plan

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Estimated Cost Source: AEP
Date of Estimated Cost: 11/15/2011

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 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.

NTC-C Project Estimate (CPE)

Please provide SPP a NTC-C Project Estimate (CPE) by February 28, 2013, as described in SPP's Business Practices regarding Notification to Construct with Conditions. AEP shall advise SPP of any inability to provide the CPE by February 28, 2013 as soon as the inability becomes apparent.

Removal of Conditions

Upon notice by SPP of removal of the conditions contained in this NTC, SPP will issue the DTO a new NTC and the following will be applicable:

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

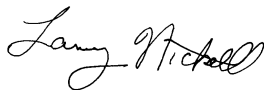
Please keep SPP advised of any inability on AEP's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires AEP to submit status updates for the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, AEP shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

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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
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cc: Carl Monroe - SPP
Katherine Prewitt - SPP
Bob Bradish - American Electric Power
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