

SPP-NTC-200185

**SPP
Notification to Construct with Conditions**

April 9, 2012

Mr. Phil Crissup
Oklahoma Gas and Electric Co.
M/C 1103, P.O. Box 321
Oklahoma City, OK 73101

RE: Notification to Construct Approved ITP10 Network Upgrades

Dear Mr. Crissup,

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 Oklahoma Gas and Electric Co. ("OGE"), as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is Conditioned upon OGE 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

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

Network Upgrade ID: 50419

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

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. OGE and American Electric Power 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: OGE

MOPC Representative: Jacob Langthorn, IV

TWG Representative: Travis Hyde

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.

Estimated Cost for Network Upgrade (current day dollars): \$75,486,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Date of Estimated Cost: 11/3/2011

Project ID: 30364

Project Name: Multi - Woodward EHV - Tatonga - Matthewson - Cimarron 345 kV

Need Date for Project: 3/1/2021

Estimated Cost for Project: \$206,966,741

Network Upgrade ID: 50420

Network Upgrade Name: Tatonga - Woodward EHV 345 kV Ckt 2

Network Upgrade Description: Build new 49-mile Woodward EHV - Tatonga 345 kV Ckt 2 line.

Network Upgrade Owner: OGE

MOPC Representative: Jacob Langthorn, IV

TWG Representative: Travis Hyde

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an

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emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: To address the Cleo Corner - Glass Mountain 138 kV overload and El Reno - Roman Nose - Southard 138 kV overload for the outage of Woodward - Tatonga 345 kV and Tatonga - Northwest 345 kV lines.

Estimated Cost for Network Upgrade (current day dollars): \$71,876,622

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Date of Estimated Cost: 11/15/2011

Network Upgrade ID: 50421

Network Upgrade Name: Matthewson - Tatonga 345 kV Ckt 1

Network Upgrade Description: Build new 61-mile Tatonga - Matthewson 345 kV line.

Network Upgrade Owner: OGE

MOPC Representative: Jacob Langthorn, IV

TWG Representative: Travis Hyde

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 Cleo Corner - Glass Mountain 138 kV overload and El Reno - Roman Nose - Southard 138 kV overload for the outage of Woodward - Tatonga 345 kV and Tatonga - Northwest 345 kV lines.

Estimated Cost for Network Upgrade (current day dollars): \$82,139,900

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Date of Estimated Cost: 1/3/2012

Network Upgrade ID: 50456

Network Upgrade Name: Cimarron - Matthewson 345 kV Ckt 1

Network Upgrade Description: Build new 16-mile 345 kV line from Matthewson to Cimarron.

Network Upgrade Owner: OGE

MOPC Representative: Jacob Langthorn, IV

TWG Representative: Travis Hyde

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 Cleo Corner - Glass Mountain 138 kV overload and El Reno - Roman Nose - Southard 138 kV overload for the outage of Woodward - Tatonga 345 kV and Tatonga - Northwest 345 kV lines.

Estimated Cost for Network Upgrade (current day dollars): \$32,780,617

Cost Allocation of the Network Upgrade: Base Plan

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Estimated Cost Source: OGE
Date of Estimated Cost: 1/3/2012

Network Upgrade ID: 50458
Network Upgrade Name: Matthewson 345 kV
Network Upgrade Description: Build new Matthewson 345 kV substation at the intersection of the Woodring - Cimarron and the existing Northwest - Tatonga 345 kV lines.

Network Upgrade Owner: OGE
MOPC Representative: Jacob Langthorn, IV
TWG Representative: Travis Hyde

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 Cleo Corner - Glass Mountain 138 kV overload and El Reno - Roman Nose - Southard 138 kV overload for the outage of Woodward - Tatonga 345 kV and Tatonga - Northwest 345 kV lines.

Estimated Cost for Network Upgrade (current day dollars): \$20,169,602

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE
Date of Estimated Cost: 1/3/2012

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. OGE 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

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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 OGE's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires OGE to submit status updates for the Network Upgrade(s) quarterly 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 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,

A handwritten signature in black ink that reads "Lanny Nickell".

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

cc: Carl Monroe - SPP
Katherine Prewitt - SPP
Jacob Langthorn, IV - Oklahoma Gas and Electric Co.
Travis Hyde - Oklahoma Gas and Electric Co.