

SPP-NTC-200255

**iSPP
Notification to Construct**

February 6, 2014

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

RE: Notification to Construct Approved Reliability 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 Service Corporation ("AEP") as agent for Public Service Company of Oklahoma and Southwestern Electric Power Company, as Designated Transmission Owners, 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 10-Year Assessment ("ITP10"). On April 9, 2012, SPP issued AEP the Notification to Construct with Conditions ("NTC-C") No. 200183.

On December 13, 2013, SPP received AEP's NTC-C Project Estimate(s) ("CPE") for the Network Upgrade(s) specified in the NTC-C No. 200183. SPP approved the CPE(s) as meeting the requirements of Condition No. 1 of the NTC-C, and an NTC would therefore be automatically issued for the Network Upgrade(s).

New Network Upgrades

Project ID: 30361

Project Name: Multi - Chisholm - Gracemont 345 kV

Need Date for Project: 3/1/2018

Estimated Cost for Project: \$162,952,357 (this project cost contains Network Upgrades not included in this NTC)

Network Upgrade ID: 50768

Network Upgrade Name: Chisholm 230 kV

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Network Upgrade Description: Install approximately 2 miles of 230 kV transmission line for a tap into to existing 230 kV line from Sweetwater to Elk City, creating termination points at new Chisholm substation.

Network Upgrade Owner: AEP

MOPC Representative(s): Paul Johnson, Richard Ross, Terri Gallup

TWG Representative: Matthew McGee

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 353 MVA.

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 Lawton Eastside (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): \$5,326,722

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 11/27/2013

Upgrades with Modifications

Previous NTC Number: 200183

Previous NTC Issue Date: 4/9/2012

Project ID: 30361

Project Name: Multi - Chisholm - Gracemont 345 kV

Need Date for Project: 3/1/2018

Estimated Cost for Project: \$162,952,357 (this project cost contains Network Upgrades not included in this NTC)

Network Upgrade ID: 50413

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

Network Upgrade Description: Build new single circuit 345 kV line from new Chisholm substation to point of interconnection with Oklahoma Gas & Electric Co. (OGE) towards Gracemont. The approximate line length for the Chisholm - Gracemont 345 kV line is 100 miles, of which AEP will construct approximately 70 miles from Chisholm to the OGE interconnection point.

Network Upgrade Owner: AEP

MOPC Representative(s): Paul Johnson, Richard Ross, Terri Gallup

TWG Representative: Matthew McGee

Reason for Change: The CPE(s) for this project was determined to meet the

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requirements of Condition No. 1 of the NTC-C No. 200183. Therefore, the conditions of the project are removed.

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA.

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): \$93,361,588

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 12/13/2013

Network Upgrade ID: 50414

Network Upgrade Name: Chisholm 345/230 kV Substation

Network Upgrade Description: Construct new 345/230 kV Chisholm substation between existing 230 kV substations, Sweetwater and Elk City. Cut-in existing Sweetwater - Elk City 230 kV Ckt 1 line into new Chisholm substation and install any necessary 230 kV terminal equipment. Install new 345/230 kV 675 MVA transformer at new Chisholm substation.

Network Upgrade Owner: AEP

MOPC Representative(s): Paul Johnson, Richard Ross, Terri Gallup

TWG Representative: Matthew McGee

Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of the NTC-C No. 200183. Therefore, the conditions of the project are removed.

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 675 MVA.

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): \$20,410,547

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 11/27/2013

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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. 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.

Mitigation Plan

The Need Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required for 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 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.

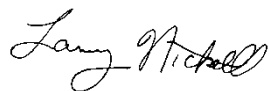
Notification of Progress

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, SPP requires AEP to submit status updates of 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.

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) 482-2022 • lnickell@spp.org

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cc: Carl Monroe - SPP
Katherine Prewitt - SPP
Bob Bradish - AEP
Paul Johnson - AEP
Richard Ross - AEP
Terri Gallup - AEP
Scott Rainbolt - AEP
Matt McGee - AEP