

SPP-NTC-200431

**SPP
Notification to Construct**

February 21, 2017

Mr. Wayman Smith
American Electric Power
212 E. 6th St.
Tulsa, OK 74119

RE: Notification to Construct Approved ITP10 Network Upgrades

Dear Mr. Smith,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachments O and Y of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing American Electric Power ("AEP"), as agent for Public Service Company of Oklahoma, Southwestern Electric Power Company, and AEP Oklahoma Transmission Company, as the Designated Transmission Owner, to construct the Network Upgrade(s).

On January 31, 2017, the SPP Board of Directors approved the Network Upgrade(s) listed below to be constructed as part of the 2017 Integrated Transmission Planning 10-Year ("ITP10") Assessment.

New Network Upgrades

Project ID: 31131

Project Name: Line - Siloam Springs - Siloam Springs City 161 kV Ckt 1 Rebuild

Need Date for Project: 1/1/2017

Estimated Cost for Project: \$5,059,400 (this project cost contains Network Upgrades not included in this NTC)

Network Upgrade ID: 51738

Network Upgrade Name: Siloam Springs - Siloam Springs City 161 kV Ckt 1 Rebuild (AEP)

Network Upgrade Description: Rebuild 2.1-mile 161 kV line from Siloam Springs (AEP) - Siloam Springs City (GRDA) and upgrade terminal equipment at Siloam Springs.

Network Upgrade Owner: AEP

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MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson

TWG Representative: Matthew McGee

Categorization: Economic

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 446 MVA.

Network Upgrade Justification: Identified as needed as an economic project in the 2017 ITP10.

Estimated Cost for Network Upgrade (current day dollars): \$4,780,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 9/7/2016

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, in addition to providing a construction schedule and an updated $\pm 20\%$ 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 the SPP OATT 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 any Network Upgrade(s) categorized as Reliability for which the Need Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade categorized as Reliability 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.

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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
Vice President, Engineering
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cc: Carl Monroe - SPP
Antoine Lucas - SPP
Jay Caspary - SPP
Bob Bradish - AEP
Paul Johnson - AEP
Richard Ross - AEP
Brian Johnson - AEP
Scott Rainbolt - AEP
Matt McGee - AEP