

Notification to Construct

August 25, 2010

Mr. Mel Perkins
Oklahoma Gas and Electric Co.
M/C 1103
Oklahoma City, OK 73101

RE: Notification to Construct for Transmission Service request resulting from Aggregate Transmission Service Study SPP-2008-AGP1-AFS-9

Dear Mr. Perkins,

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., as the Designated Transmission Owner, to construct the Network Upgrades.

On August 6, 2010, the Southwest Power Pool ("SPP") concluded that the project(s) is required on the Oklahoma Gas and Electric Co. system to fulfill Transmission Service Requests as detailed in Aggregate Facility Study SPP-2008-AGP1-AFS-9.

New Network Upgrades

Project ID: 670

Project Name: ARCADIA (ARCADIA2) 345/138/13.8KV TRANSFORMER CKT 1
Accelerate

RTO Determined Need Date for Project: 6/1/2010

Estimated In Service Date: 6/1/2013

Network Upgrade ID: 10876

Network Upgrade Description: Add 3rd 345/138KV Auto and convert the 345kV and 138kV to a breaker and a half configuration.

Categorization: Service Upgrade

Network Upgrade Specifications: All elements must have at least an emergency rating of 493 MVA, but is not limited to that amount.

Network Upgrade Justifications: SPP-2008-AGP1-AFS-9

Estimated Cost for Network Upgrade: \$13,500,000

Source of Funding for Network Upgrade: 100% Base Plan

Estimated Cost Source: OKGE

Date of Estimated Cost: 7/29/2008

Project ID: 910
Project Name: BRYANT - MEMORIAL 138KV CKT 1
RTO Determined Need Date for Project: 6/1/2019
Estimated In Service Date: 6/1/2019

Network Upgrade ID: 11207
Network Upgrade Description: Change out wavetrap to 2000A
Categorization: Service Upgrade
Network Upgrade Specifications: All elements and conductor must have at least an emergency rating of 478 MVA, but is not limited to that amount.
Network Upgrade Justifications: SPP-2008-AGP1-AFS-9
Estimated Cost for Network Upgrade: \$250,000
Source of Funding for Network Upgrade: 100% Base Plan
Estimated Cost Source: OKGE
Date of Estimated Cost: 11/4/2009

Project ID: 1021
Project Name: ARCADIA - REDBUD 345KV CKT 3
RTO Determined Need Date for Project: 6/1/2019
Estimated In Service Date: 6/1/2019

Network Upgrade ID: 11343
Network Upgrade Description: Add eight mile 3rd 345 kV line from Redbud to Arcadia
Categorization: Service Upgrade
Network Upgrade Specifications: All elements and conductor must have at least an emergency rating of 1426 MVA, but is not limited to that amount.
Network Upgrade Justifications: SPP-2008-AGP1-AFS-9
Estimated Cost for Network Upgrade: \$19,000,000
Source of Funding for Network Upgrade: 100% Base Plan
Estimated Cost Source: OKGE
Date of Estimated Cost: 11/4/2009

Commitment to Construct

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VI.6 of the SPP Open Access Transmission Tariff, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

Mitigation Plan

The Estimated In-Service Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required to formulation and approval of any necessary mitigation plans for the Network Upgrade(s) included in the Network Upgrades(s) if the Estimated In-Service Date is not feasible. Additionally, if it is anticipated that the

completion if any Network Upgrade will be delayed past the Estimated In-Service Date, SPP requires a mitigation plan be filed within 60 days of 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 ability on Oklahoma Gas and Electric Co.'s part to complete the approved Network Upgrade(s). For project tracking, SPP requires Oklahoma Gas and Electric Co. to submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. However consistent with Section 20.1 and 32.10 of the SPP Tariff, Oklahoma Gas and Electric Co. shall also advise SPP of any inability to comply with the project(s) Schedule as the inability becomes apparent. All terms and conditions of the SPP OATT and the membership Agreement shall apply to this project(s) and nothing in this letter shall carry such terms and conditions.

Don't hesitate to contact me if you have questions or comments about these requests. 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 "Bruce A. Rew".

Bruce Rew
Vice President, Engineering
Phone (501) 614-3214 • Fax: (501) 821-3198 • BRew@spp.org

cc: Carl Monroe, Les Dillahunty, Katherine Prewitt, Phil Crissup, Travis Hyde, Jacob Langthorn IV, Edward Hammons, Neil Rowland, Colin Whitley, Will Amos, Cindy Holman