

SPP Notification to Construct

February 8, 2010

SPP-NTC-20076

Mr. Mike Herron
Grand River Dam Authority
PO Box 1128
Pryor, OK 74119

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Mr. Herron,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Grand River Dam Authority, as the Designated Transmission Owner, to construct the Network Upgrade(s).

On January 26, 2010, the Southwest Power Pool ("SPP") Board of Directors approved the Network Upgrade(s) listed below to be constructed.

Upgrades with Modifications

Previous NTC number: 20001

Previous NTC Issue Date: 2/13/2008

Project ID: 393

Project Name: XFR - Afton 161/69 kV Ckt 2

Need Date for Project: 6/1/2010

Estimated Cost for Project: \$2,500,000

Network Upgrade ID: 10511

Network Upgrade Description: Add second 161/69 kV transformer at Afton.

Network Upgrade Owner: Grand River Dam Authority

MOPC Representative: Mike Stafford

TWG Representative: Joe Fultz

Reason For Change: Modify timing. 2009 STEP identified new RTO Determined Need Date. The previous RTO Determined Need Date was 6/1/2012.

Categorization: Regional reliability

Network Upgrade Specification: Install the transformer for emergency rating 50 MVA.

Network Upgrade Justification: To address the overload of the Afton 161/69 kV transformer for the outage of Afton - Miami 161 kV.

Need Date for Network Upgrade: 6/1/2010

Estimated Cost for Network Upgrade (current day dollars): \$2,500,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: GRDA

Withdrawal of Upgrades

Previous NTC number: 20028

Previous NTC issue Date: 1/27/2009

Project ID: 30177

Project Name: Device - Tahlequah West 69 kV Capacitor #2

Network Upgrade ID: 50185

Network Upgrade Description: Add an additional 7.2 Mvar capacitor bank at Tahlequah West substation 69 kV bus for a total 28.8 Mvar.

Reason For Change: Updated modeling information to use transformer taps yields this project unneeded.

Withdrawal of Network Upgrade

Grand River Dam Authority has been made aware of all Network Upgrades withdrawn through the expansion plan process. This letter is the formal notification to stop any further work on this Network Upgrade(s), collect any cost associated with the Network Upgrade(s), and provide this information to SPP.

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 VIII.6 of the SPP OATT, 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 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) 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 Grand River Dam Authority's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires Grand River Dam Authority 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 Sections 20.1 and 32.10 of the SPP OATT, Grand River Dam Authority 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 "Bruce A. Rew".

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

cc: Carl Monroe, Les Dilahunty, Pat Bourne, Jay Caspary, Keith Tynes, John Mills,
SPPprojecttracking@spp.org, Mike Stafford, Joe Fultz