

SPP-NTC-20122

SPP
Notification to Construct

February 14, 2011

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 (“AEP”), as the Designated Transmission Owner, to construct the Network Upgrade(s).

On January 25, 2011, the Southwest Power Pool (“SPP”) Board of Directors approved the Network Upgrade(s) listed below to be constructed.

New Network Upgrades

Project ID: 479

Project Name: Line – Georgia Pacific - Keatchie 138 kV Ckt 1

Need Date for Project: 6/1/2016

Estimated Cost for Project: \$14,500,000

Network Upgrade ID: 10616

Network Upgrade Description: Rebuild 12.63 miles of the Georgia Pacific - Keatchie 138 kV line from 795 ACSR to 1272 ACSR.

Network Upgrade Owner: AEP

MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to 287 MVA emergency rating.

Network Upgrade Justification: To address the overload of Georgia Pacific - Keatchie 138 kV line for the loss of Carthage REC POD - Rock Hill 138 kV.

Need Date for Network Upgrade: 6/1/2016

Estimated Cost for Network Upgrade (current day dollars): \$14,500,000

Cost Allocation of the Network Upgrade: Base Plan

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Estimated Cost Source: AEP

Project ID: 882

Project Name: Line – Rock Hill - Carthage 69 kV Ckt 1 rebuild

Need Date for Project: 6/1/2014

Estimated Cost for Project: \$13,500,000

Network Upgrade ID: 11171

Network Upgrade Description: Rebuild the 11.4-mile Rock Hill - Carthage line from 336 ACSR to 1272 ACSR and remove switches in middle of line. Upgrade necessary terminal equipment at Carthage and Rock Hill substations.

Network Upgrade Owner: AEP

MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade line to 143 MVA emergency rating.

Network Upgrade Justification: To address the overload of Rock Hill - Carthage 69 kV Ckt 1 for the loss of Beckville - Louisiana Pacific 69 kV or Rock Hill - Beckville 69 kV.

Need Date for Network Upgrade: 6/1/2014

Estimated Cost for Network Upgrade (current day dollars): \$13, 500,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Project ID: 1081

Project Name: Line – Hooks - Lone Star Ordinance 69 kV Ckt 1

Need Date for Project: 6/1/2013

Estimated Cost for Project: \$2,100,000

Network Upgrade ID: 11421

Network Upgrade Description: Rebuild 1.68-mile Hooks - Lone Star Ordinance Tap 69 kV line. Replace switch at Lone Star Ordinance substation.

Network Upgrade Owner: AEP

MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: Upgrade line to 143 MVA emergency rating.

Network Upgrade Justification: To address the overload of Hooks - Lone Star Ordinance 69 kV Ckt 1 for the loss of New Boston - North New Boston 69 kV.

Need Date for Network Upgrade: 6/1/2013

Estimated Cost for Network Upgrade (current day dollars): \$2,100,000

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Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP

Project ID: 30296
Project Name: Device – Winnsboro 138 kV
Need Date for Project: 6/1/2016
Estimated Cost for Project: \$1,166,400

Network Upgrade ID: 50334
Network Upgrade Description: Install a new 28.8 Mvar capacitor bank at Winnsboro 138 kV substation.
Network Upgrade Owner: AEP
MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: Install capacitor of size 28.8 Mvar.
Network Upgrade Justification: To address low voltages in the Mineola area for the loss of ExxonMobil - Perdue 138 kV.
Need Date for Network Upgrade: 6/1/2016
Estimated Cost for Network Upgrade (current day dollars): \$1,166,400
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP

Project ID: 30298
Project Name: Device – Logansport 138 kV
Need Date for Project: 6/1/2016
Estimated Cost for Project: \$1,166,400

Network Upgrade ID: 50336
Network Upgrade Description: Install 28.8 Mvar capacitor bank at Logansport 138 kV substation.
Network Upgrade Owner: AEP
MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: Install capacitor of size 28.8 Mvar.
Network Upgrade Justification: To address low voltages in the Logansport area for the loss of the lines connecting to Western Electric 138 kV bus.
Need Date for Network Upgrade: 6/1/2016
Estimated Cost for Network Upgrade (current day dollars): \$1,166,400
Cost Allocation of the Network Upgrade: Base Plan

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Estimated Cost Source: AEP

Upgrades with Modifications

Previous NTC number: 20000

Previous NTC Issue Date: 2/13/2008

Project ID: 391

Project Name: Line – Lone Star South - Pittsburg 138kV Ckt 1

Need Date for Project: 06/01/2012

Estimated Cost for Project: \$300,000

Network Upgrade ID: 10509

Network Upgrade Description: Upgrade necessary terminal equipment at Lone Star South and Pittsburg 138 kV substations, not including the replacement of switches at Pittsburg substation.

Network Upgrade Owner: AEP

MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Reason For Change: Scope change. AEP re-rated its switches to higher ratings, so the portion of the project to replace switches at Pittsburg substation is no longer necessary.

Categorization: Regional reliability

Network Upgrade Specification: Upgrade facilities to 354 MVA emergency rating.

Upgrade Justification: To address the overload due to loss of Petty - Chapel Hill REC 138 kV.

Need Date for Network Upgrade: 06/01/2012

Estimated Cost for Network Upgrade (current day dollars): \$300,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Previous NTC number: 20073

Previous NTC issue Date: 2/8/2010

Project ID: 546

Project Name: Multi – Hobart - Carnegie South - Southwestern Station 138 kV Ckt 1

Need Date for Project: 06/01/2021

Estimated Cost for Project: \$44,500,000

Network Upgrade ID: 10696 & 10697

Network Upgrade Description: Reconductor the 14.37-mile Southwest Station - Carnegie 138 kV line from 795 ACSR to 1272 ACSR. Upgrade necessary terminal equipment.

Network Upgrade Owner: AEP

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MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Reason For Change: Timing change. This project's previous RTO Determined Need Date was 6/1/2013. The 2010 RTO Determined Need Date is 6/1/2021.

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to 235 MVA emergency rating.

Upgrade Justification: To address the overload of Carnegie - Southwest Station 138 kV for the loss of Oney - Washita 138 kV or other various contingencies.

Need Date for Network Upgrade: 6/1/2021

Estimated Cost for Network Upgrade (current day dollars): \$16,000,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Network Upgrade ID: 10695

Network Upgrade Description: Rebuild the 26.2-mile Carnegie - Hobart Jct. 138 kV line from 397 ACSR to 1272 ACSR. Upgrade necessary terminal equipment.

Network Upgrade Owner: AEP

MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Reason For Change: Timing change. This project's previous RTO Determined Need Date was 6/1/2013. The 2010 RTO Determined Need Date is 6/1/2021.

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to 287 MVA emergency rating.

Upgrade Justification: To address the overload of Carnegie - Hobart Junction 138 kV for the loss of Oney - Washita 138 kV or other various contingencies.

Need Date for Network Upgrade: 6/1/2021

Estimated Cost for Network Upgrade (current day dollars): \$28,500,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Previous NTC number: 20048, 20016

Previous NTC Issue Date: 9/18/2009

Project ID: 30148

Project Name: Line – Bann - Lone Star Ordinance 69 kV Ckt 1

Need Date for Project: 6/1/2013

Estimated Cost for Project: \$6,600,000

Network Upgrade ID: 50156

Network Upgrade Description: Rebuild 5.4 miles of the Bann - Lone Star Ordinance 69 kV with 1272 ACSR. Upgrade necessary terminal equipment.

Network Upgrade Owner: AEP

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MOPC Representative: Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan

TWG Representative: Matthew McGee

Reason For Change: Scope change. In early 2009, SPP identified the scope of this project would be to replace a switch and rebuild the line. However, based on reduced loading information in late 2009, the project was modified to replace the switch only. Now in the 2010 STEP, the loading requires the line to be rebuilt and different terminal equipment upgraded.

Categorization: Regional reliability

Network Upgrade Specification: Upgrade the line to 121 MVA emergency rating.

Upgrade Justification: To address the overload of Bann - Lone Star Ordinance 69 kV Ckt 1 for the loss of New Boston - North New Boston 69 kV.

Need Date for Network Upgrade: 6/1/2013

Estimated Cost for Network Upgrade (current day dollars): \$6,600,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Withdrawal of Upgrades

Previous NTC number: 20000

Previous NTC issue Date: 2/13/2008

Project ID: 388

Project Name: Line – New Boston - North New Boston 69 kV Ckt 1

Network Upgrade ID: 10506

Network Upgrade Description: Replace two sets of switches at New Boston substation on the New Boston to North New Boston 69 kV line.

Reason For Change: AEP re-rated its switches to higher ratings, so the project is no longer necessary.

Withdrawal of Network Upgrade

AEP 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 within 90 days of the date of this NTC.

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.

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Mitigation Plan

The Need Date represents the timing required for the Network Upgrade(s) to address the 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 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.

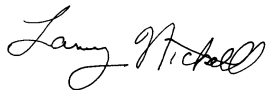
Notification of Progress

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 purposes, SPP requires AEP 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, 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) 821-3198 • lnickell@spp.org

cc: Carl Monroe, Katherine Prewitt, Paul Johnson, Richard Ross, Matt Vermilion, Raja Sundararajan, Matthew McGee, Scott Rainbolt, Robert Bradish