

SPP-NTC-200217

**SPP
Notification to Construct with Conditions**

February 19, 2013

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 ("DTO"), to construct the Network Upgrade(s). This NTC is conditioned upon AEP not ordering materials or beginning construction until:

- (1) the DTO submits a refined NTC-C Project Estimate ("CPE") to SPP that has a variance bandwidth of -20% to +20% that does not exceed the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices; **or**
- (2) the SPP Board of Directors considers SPP's re-evaluation of a project that has a refined CPE from the DTO that exceeds the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices.

On January 29, 2013, the SPP Board of Directors approved the Network Upgrade(s) listed below to be constructed.

New Network Upgrades

Project ID: 30432

Project Name: Line - 52nd & Delaware West Tap - Riverside Station 138 kV

Need Date for Project: 6/1/2014

Estimated Cost for Project: \$24,992,196

Network Upgrade ID: 50527

Network Upgrade Name: 52nd & Delaware West Tap - Riverside Station 138 kV Ckt 1

Network Upgrade Description: Rebuild 5.4-mile 138 kV line from 52nd & Delaware

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West Tap to Riverside Station with 2-795 ACSR. Upgrade relay settings at Riverside Station.

Network Upgrade Owner: AEP

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

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 331 MVA.

Network Upgrade Justification: To address the overload of 52nd & Delaware West Tap - Riverside Station 138 kV Ckt 1 for the outage of SPP-AEPW-38 (72nd & Elwood - Tulsa Power 138 kV and Tulsa Power Station - Oaks East Tap - Riverside Station 138 kV).

Estimated Cost for Network Upgrade (current day dollars): \$24,992,196

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 11/21/2012

Project ID: 30449

Project Name: Line - Rock Hill - Springridge Pan-Harr REC 138 kV Ckt 1

Need Date for Project: 6/1/2014

Estimated Cost for Project: \$25,060,655

Network Upgrade ID: 50545

Network Upgrade Name: Rock Hill - Springridge Pan-Harr REC 138 kV Ckt 1

Network Upgrade Description: Rebuild 27.6-mile 138 kV line from Rock Hill to Springridge Pan-Harr REC with 1926.9 ACSR/TW.

Network Upgrade Owner: AEP

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

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 376 MVA.

Network Upgrade Justification: To address the overload of Rock Hill - Springridge Pan-Harr REC 138 kV Ckt 1 for the outage of SPP-AEPW-30 (SW Shreveport - Western Electric Tap - Stonewall 138 kV and Western Electric Tap - Western Electric 138 kV).

Estimated Cost for Network Upgrade (current day dollars): \$25,060,655

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 11/21/2012

Project ID: 30495

Project Name: Sub - Messick 500/230 kV

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Need Date for Project: 6/1/2013

Estimated Cost for Project: \$51,877,771

Network Upgrade ID: 50607

Network Upgrade Name: Messick 500/230 kV Transformer Ckt 1

Network Upgrade Description: Build Messick 500/230 kV station. Connect to Carrol, Clarence, and Western Kraft 230 kV lines. Install 500/230 kV 675 MVA transformer. This upgrade is contingent upon approval from Cleco Power LLC and Entergy Louisiana LLC.

Network Upgrade Owner: AEP

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

TWG Representative: Matthew McGee

Categorization: Regional reliability

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 International Paper - Wallace Lake 138 kV Ckt 1 (AEP/CLECO) and International Paper - Mansfield 138 kV (CLECO) for the outage of Dolet Hills - Southwest Shreveport 345 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$30,369,537

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: AEP

Date of Estimated Cost: 1/21/2013

Network Upgrade ID: 50615

Network Upgrade Name: Messick 500 kV Terminal Upgrades

Network Upgrade Description: Install terminal equipment on 500 kV side of new Messick substation. Connect to Mt. Olive - Hartburg 500 kV line. This upgrade is contingent upon approval from Cleco Power LLC and Entergy Louisiana LLC for Upgrade ID 50607.

Network Upgrade Owner: AEP

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

TWG Representative: Matthew McGee

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating 3,000 amps but not limited to that amount

Network Upgrade Justification: To address the overload of International Paper - Wallace Lake 138 kV Ckt 1 (AEP/CLECO) and International Paper - Mansfield 138 kV (CLECO) for the outage of Dolet Hills - Southwest Shreveport 345 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$21,508,234

Cost Allocation of the Network Upgrade: Base Plan

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Estimated Cost Source: AEP
Date of Estimated Cost: 1/21/2013

Commitment to Construct

Within 90 days of this NTC, please provide to SPP a written commitment to construct the Network Upgrade(s) pursuant to Attachment O, Section VI.6 of the SPP OATT and 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.

CPE

Please provide SPP a CPE by August 31, 2013, as described in SPP's Business Practice No. 7060 regarding Notification to Construct with Conditions. AEP shall advise SPP of any inability to provide the CPE by August 31, 2013, as soon as the inability becomes apparent.

Removal of Conditions

Upon notice by SPP of removal of the conditions contained in this NTC, SPP will issue the DTO a new NTC and the following will be applicable:

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

Please continue to 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 quarterly status updates of the Network Upgrade(s) 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

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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

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