

November 14, 2013

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

RE: *Southwest Power Pool, Inc.*, Docket No. ER14-_____
Submission of Interconnection Agreement

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, Southwest Power Pool, Inc. (“SPP”) encloses for filing an executed interconnection agreement between Oklahoma Gas & Electric Company (“OG&E”) and Southwestern Public Service Company (“SPS”) with SPP as signatory (“Interconnection Agreement”).¹ SPP requests that the Federal Energy Regulatory Commission (“Commission”) accept the proposed Interconnection Agreement with an effective date of the date the Commission accepts the Interconnection Agreement. In support, SPP states the following:

I. Background

SPP is a Commission-approved Regional Transmission Organization (“RTO”). SPP is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP currently has 74 Members in nine states and serves more than 6 million households in a 370,000 square mile area. Its Members include 14 investor-owned utilities, 11 municipal systems, 13 generation and transmission cooperatives, 4 state agencies, 11 independent power producers, 12 power marketers, and 9 independent transmission companies. As an RTO, SPP is a transmission provider administering transmission service over portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma and Texas. SPP is responsible for providing independent transmission services over the transmission facilities its members have placed under the SPP Open Access Transmission Tariff (“Tariff”).

OG&E is a public utility engaged in generating, transmitting and selling electric energy in the State of Oklahoma.

¹ OG&E and SPS may be referred to individually as “Party” or collectively as “the Parties.” The Interconnection Agreement is designated as Service Agreement No. 2622.

SPS is a public utility in the business of generating, transmitting and/or selling electric energy in the States of Texas, New Mexico, Oklahoma and Kansas.

The Interconnection Agreement submitted herein allows the Parties to interconnect their respective transmission systems at certain Points of Interconnection described in the Interconnection Agreement. The Points of Interconnection, as well as the transmission systems of the Parties, are under the functional control of SPP. Therefore, consistent with the Commission's policy that the RTO with the planning authority over transmission facilities under its Tariff (i.e., SPP) should be a signatory to interconnection agreements, SPP is a signatory to the Interconnection Agreement.²

II. Description of the Interconnection Agreement

There is no *pro forma* form for a transmission interconnection agreement in the Tariff; however, many of the provisions in the Interconnection Agreement are similar in scope and application to other utility-to-utility transmission interconnection agreements previously accepted by the Commission.³ Below is a brief summary of the Articles of the Interconnection Agreement.

Article I provides a list of definitions for terms used throughout the Interconnection Agreement.⁴

² See *Am. Elec. Power Serv. Corp.*, 110 FERC ¶ 61, 276, at P 8, *order on reh'g*, 112 FERC ¶ 61,128, at PP 10-14 (2005).

³ See, e.g., *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER12-1610-000 (May 29, 2012); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER12-1671-000 (May 23, 2012); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER11-4378-000 (Oct. 21, 2011); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER10-3207-000 (Nov. 23, 2010); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER10-2451-000 (Oct. 20, 2010); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER10-1067-000 (June 1, 2010); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER10-215-000 (Dec. 23, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1081-000 (June 16, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-1546-000 (Nov. 7, 2008); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-496-000 (Mar. 19, 2008); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER07-200-000 (Jan. 8, 2007); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER06-1060-000 (July 26, 2006); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER06-766-000 (May 15, 2006); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER06-447-000 (Feb. 16, 2006).

⁴ See Interconnection Agreement at Article I. All capitalized words not defined in this letter shall have the meaning as set forth in Article 1 of the Interconnection Agreement.

Article II provides that OG&E and SPS shall interconnect their respective transmission facilities under the terms and conditions set forth in the Interconnection Agreement, with such interconnections set forth in Exhibit A or Exhibit B of the Interconnection Agreement.⁵ The Parties may at any time and from time to time provide for additional interconnections and for Modifications to existing interconnections between their respective systems by mutual agreement in writing. When any such additional interconnections or modified interconnections are agreed to, a new sheet will be added to Exhibit A of the Interconnection Agreement.

Article III specifies that each Party agrees to provide at its own expense the facilities and equipment which are necessary on its own system to effect the interconnections provided for under the Interconnection Agreement as specified in Exhibit A of the Interconnection Agreement.⁶

Article IV contains provisions relating to operations and maintenance.⁷

Article V contains provisions relating to service conditions.⁸

Article VI provides that each Party shall make Modifications to its Interconnection Facilities as necessary to comply with Good Utility Practice. Modifications shall be subject to the approval process set forth in Attachment O of the Tariff, as may be applicable. Article 6 also states that in the event a Party plans to make a Modification to its Interconnection Facilities that reasonably may be expected to impact the other Party's transmission system, the initiating Party shall provide the other Party and SPP with at least ninety (90) days advance notice of the Modification. Article 6 also discusses the cost responsibility in regard to a Modification.⁹

Article VII specifies that each Party shall construct its Interconnection Facilities in accordance with Good Utility Practice, the requirements of the North American Electric Reliability Corporation and SPP, and to standards at least equal to those provided by the National Electrical Safety Code of the Institute of Electrical and Electronics Engineers.¹⁰

⁵ See *id.* at Article II.

⁶ See *id.* at Article III.

⁷ See *id.* at Article IV.

⁸ See *id.* at Article V.

⁹ See *id.* at Article VI.

¹⁰ See *id.* at Article VII.

Article VIII contains provisions relating to reliability standards.¹¹

Article IX contains provisions relating to emergencies.¹²

Article X contains provisions relating to metering requirements.¹³ The ownership of the metering facilities for each of the interconnections under the Interconnection Agreement shall be shown in Exhibit A and Exhibit B to the Interconnection Agreement.

Article XI provides information on the communication facilities.¹⁴

Article XII specifies that each Party shall furnish to the other Party the system data necessary to construct, operate and maintain the Interconnection Facilities and Modifications, and to support the other Party's system reliability, subject to terms and conditions of confidentiality established by the Parties.¹⁵

Article XIII sets forth the process for establishing an Operating Committee.¹⁶

Article XIV provides details on billings and payment provisions.¹⁷

Article XV provides terms in regards to force majeure events.¹⁸

Article XVI contains the provisions on breach, cure and default.¹⁹

Article XVII provides the term of the Interconnection Agreement.²⁰ The Interconnection Agreement shall become effective upon such date as specified by any

¹¹ *See id.* at Article VIII.

¹² *See id.* at Article IX.

¹³ *See id.* at Article X.

¹⁴ *See id.* at Article XI.

¹⁵ *See id.* at Article XII.

¹⁶ *See id.* at Article XIII.

¹⁷ *See id.* at Article XIV.

¹⁸ *See id.* at Article XV.

¹⁹ *See id.* at Article XVI.

²⁰ *See id.* at Article XVII.

regulatory body having jurisdiction of the issue (i.e., the Commission), and shall continue in effect thereafter for an initial period ending December 31, 2034, and shall continue in effect thereafter until terminated pursuant to Section 17.2 of the Interconnection Agreement.

Article XVIII contains general contract provisions for waivers.²¹

Article XIX specifies that the Interconnection Agreement and all obligations thereunder are expressly conditioned upon any approval or authorization required by Applicable Laws and Regulations being granted.²²

Article XX states that each Party shall use commercially reasonable efforts to furnish and install, complete, test, and make ready for operation the facilities identified in Exhibits A and B of the Interconnection Agreement by the timeframes specified in Exhibits A or B for the facilities.²³

Article XXI specifies rights of installation, access and removal.²⁴

Article XXII contains provisions for liability and indemnification.²⁵

Article XXIII contains contract provisions for assignment.²⁶

Article XXIV specifies terms in regard to either Party utilizing the services of subcontractors as it deems appropriate.²⁷

Article XXV contains provisions for dispute resolution.²⁸

Article XXVI provides general contract provisions for notices and communications.²⁹

²¹ See *id.* at Article XVIII.

²² See *id.* at Article XIX.

²³ See *id.* at Article XX.

²⁴ See *id.* at Article XXI.

²⁵ See *id.* at Article XXII.

²⁶ See *id.* at Article XXIII.

²⁷ See *id.* at Article XXIV.

²⁸ See *id.* at Article XXV.

Article XXVII contains miscellaneous general contract provisions including governing law, amendment modification, and severability.³⁰

Exhibit A provides details of Interconnection No. 1 and Interconnection No. 2.³¹

Exhibit B is reserved for future use for third-party interconnections.³²

III. Effective Date

At the request of the Parties, SPP respectfully requests that the Commission accept the Interconnection Agreement with an effective date of the date of the Commission's order accepting the Interconnection Agreement.

IV. Additional Information

A. Information Required by Section 35.13 of the Commission's Regulations, 18 C.F.R. § 35.13:³³

(1) Documents Submitted with this Filing:

In addition to this transmittal letter, SPP submits a clean version of the Interconnection Agreement.

²⁹ See *id.* at Article XXVI.

³⁰ See *id.* at Article XXVII.

³¹ See *id.* at Exhibit A.

³² See *id.* at Exhibit B.

³³ Because the Interconnection Agreement does not involve any change in rates, the use of the abbreviated filing procedures as set forth in 18 C.F.R § 35.13(a)(2)(iii) is appropriate.

(2) Effective Date:

As noted above, SPP respectfully requests that the Commission accept the Interconnection Agreement with an effective date of the date of the Commission's order accepting the Interconnection Agreement.

(3) Requisite Agreements:

SPP and the Parties have all executed the Interconnection Agreement. No other agreements are necessary.

(4) Specifically Assignable Facilities Installed or Modified:

There are none.

(5) Service:

SPP is serving a copy of this filing on the representatives for OG&E and SPS listed in the Interconnection Agreement.

B. Communications:

Any correspondence and communications with respect to this filing should be directed to, and SPP requests the Secretary to include on the official service list, the following:

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201 Worthen Drive
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V. Conclusion

For all the foregoing reasons, SPP respectfully requests that the Commission accept the Interconnection Agreement with an effective date of the date of the Commission's order accepting the Interconnection Agreement.

Respectfully submitted,

The Honorable Kimberly D. Bose
November 14, 2013
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/s/ Tessie Kentner
Tessie Kentner

**Attorney for Southwest Power
Pool, Inc.**

**Southwest Power Pool, Inc.
Original Service Agreement No. 2622**

**INTERCONNECTION AGREEMENT
BETWEEN OKLAHOMA GAS & ELECTRIC COMPANY AND
SOUTHWESTERN PUBLIC SERVICE COMPANY
AND SOUTHWEST POWER POOL, INC.**

This Interconnection Agreement (“Agreement”) is made and entered into this 23rd day of October, 2013, by and between OKLAHOMA GAS & ELECTRIC COMPANY, an Oklahoma corporation (“OG&E”), and SOUTHWESTERN PUBLIC SERVICE COMPANY, a New Mexico corporation (the “Company”), and SOUTHWEST POWER POOL, INC. (“SPP”). OG&E and the Company may hereinafter be referred to individually as a “Party” and collectively as the “Parties.” SPP may be referred to as the “Transmission Provider.”

RECITALS

WHEREAS, OG&E is a public utility engaged in generating, transmitting, and selling electric energy in the State of Oklahoma and is in the process of constructing facilities that will interconnect with the facilities of Company; and

WHEREAS, the Company is a public utility in the business of generating, transmitting, and/or selling electric energy in the States of Texas, New Mexico, Oklahoma, and Kansas and is in the process of constructing facilities that will interconnect with the facilities of OG&E; and

WHEREAS, SPP is a Regional Transmission Organization (“RTO”) pursuant to orders of the Federal Energy Regulatory Commission (“FERC”) and as such is responsible for, among other items, directional authority and day-to-day operational control over appropriate transmission facilities within its footprint; and

WHEREAS, it will be advantageous to OG&E and the Company to have their respective transmission systems interconnected at various locations so that each will realize the mutual benefits of such interconnection of facilities, and add more locations of interconnection in the future whenever mutually beneficial; and

WHEREAS, the Parties are willing to enter into this Agreement in order to take advantage of the benefits which can be achieved by the interconnection of their transmission systems, it being understood that the Parties will preserve their identity and integrity and perform their respective responsibilities to their customers; and

WHEREAS, the transmission systems of the Parties will be interconnected at various locations defined herein as “Points of Interconnection” will be operated in synchronism and under the functional control of the SPP.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 “Applicable Laws and Regulation” shall mean all applicable federal, state and local laws, ordinances, rules and regulations, and all duly promulgated orders and other duly authorized actions of any Governmental Authority having jurisdiction over a Party, the Transmission Provider, their facilities, and/or the services they provide. This term shall include rules, directives, operational criteria, and other regulatory promulgations of SPP when acting within its authority as a Regional Transmission Organization.

1.2 “Dispatching Office” of the Company and OG&E shall mean the location designated by each entity to receive and send out operational and metering information.

1.3 “ERO” shall mean NERC, or any successor electric reliability organization certified by FERC under the provision of 16 U.S.C. 824.

1.4 “Emergency” shall mean a condition or situation (i) that in the reasonable judgment of the Party making the claim is imminently likely to endanger, or is contributing to the endangerment of, life or property, or public health and safety; or (ii) that is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the OG&E transmission system, the Company transmission system, or the electric systems of others to which the Parties are directly connected.

1.5 “Good Utility Practice” shall mean any of the applicable practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment by a Party in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition, giving due regard to the requirements of governmental agencies having jurisdiction. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all practices, methods, or acts generally accepted in the region as they may be applicable to the Parties as transmission system operators.

1.6 “Governmental Authority” means any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, administrative law judge, tribunal, arbitrating body, or other governmental or regulatory authority having jurisdiction over any Party.

1.7 “Interconnection Facilities” shall mean the facilities of the Company and OG&E that are interconnected pursuant to this Agreement, as shown in Exhibit A or Exhibit B.

1.8 “Modification” shall mean any new construction, additions, design changes or modifications made to, or abandonment, retirement, relocation or rearrangement of, the Interconnection Facilities.

1.9 “NERC” shall mean the North American Electric Reliability Corporation.

1.10 “Point(s) of Interconnection” shall mean the location(s) where the facilities of the Company and the facilities of OG&E are interconnected as identified in Exhibit A or B.

1.11 “RE” shall mean the SPP Regional Entity, an independent and functionally separate division of SPP, that was created to fulfill the duties specified in the FERC-approved Regional Entity Delegation Agreement between SPP and NERC, to promote and work to improve bulk power system (BPS) reliability, and is responsible for overseeing the development of regional reliability standards; monitoring and enforcing registered entities' compliance with reliability standards; assessing and evaluating the reliability of the BPS; and providing technical expertise and assistance to the owners, operators, and users of the BPS, in particular to the registered entities located within SPP RE's footprint.

1.12 “SPP” shall mean Southwest Power Pool, Inc. or its successor RTO.

1.13 “SPP Tariff” shall mean the Southwest Power Pool, Inc, Open Access Transmission Tariff, as filed with FERC, as such may be amended or superseded from time to time.

1.14 “System Protection Facilities” shall mean the equipment required to protect the transmission system of a Party and the transmission systems and generation of others connected to such transmission system from faults or other electrical disturbances.

ARTICLE II INTERCONNECTION OF FACILITIES

2.1 The Parties agree they have established or shall establish interconnections between their systems at the locations and under the terms and conditions set forth in this Agreement, with such interconnections set forth in Exhibit A or Exhibit B, which are attached hereto and incorporated into and made a part of this Agreement.

2.2 The Parties may at any time and from time to time provide for additional interconnections and for Modifications to existing interconnections between their systems by mutual agreement in writing. When any such additional interconnections or modified interconnections are agreed to, a new sheet will be added to Exhibit A to this Agreement setting forth the specific details of that interconnection and any specific provisions which

apply to that interconnection, including but not limited to the assignment of lost revenue. With respect to a specific interconnection, a conflict between any provision in the body of this Agreement and the provisions set forth in Exhibit A, the provisions in Exhibit A shall control.

2.3 If the Company agrees to interconnect with a third party at any interconnection location for which OG&E acts as the balancing authority, Company will notify OG&E of that interconnection and a new sheet will be added to Exhibit B of this Agreement setting forth the specific details of that interconnection and providing, among other things, for OG&E to receive all meter data regarding that interconnection that OG&E reasonably requires to fulfill its balancing authority responsibilities.

ARTICLE III FACILITIES TO BE PROVIDED

3.1 Each Party agrees to provide at its own expense the facilities and equipment which are necessary on its own system to effect the interconnections provided for under this Agreement as specified in Exhibit A.

ARTICLE IV OPERATIONS AND MAINTENANCE

4.1 Parties' Obligations. Each Party shall operate and maintain its respective transmission systems and Interconnection Facilities in accordance with Applicable Laws and Regulations and Good Utility Practice and the requirements, criteria, standards, protocols, rules and directives of NERC, SPP, RE, and the SPP Tariff. To the extent that a Party is assessed any penalties or other costs, including costs related to a SPP market, by NERC or SPP or RE, and such penalties or other costs are due to the other Party's action or inaction, the other Party shall reimburse the penalized Party for such penalties or other costs in accordance with Article XIV. If the Parties cannot agree on the action or inaction which caused the assessed penalty or costs by NERC, SPP, or RE, the issue shall be resolved pursuant to Section 25.1 of this Agreement. Nothing in this Agreement shall be interpreted to require the Parties to act in a manner inconsistent with the direction of SPP concerning the operation of its facilities to maintain reliability.

4.2 Switching and Tagging Rules. The Parties shall abide by their respective switching and tagging rules, and shall coordinate with each other for obtaining clearances for work or for switching operations at the Interconnection Facilities.

4.3 Preventive and Corrective Maintenance Outages. In accordance with Good Utility Practice and to facilitate maintenance or reliability of their respective transmission systems, the Parties shall confer regularly to coordinate the planning and scheduling of preventive and corrective maintenance of and Modifications to the Interconnection Facilities that might reasonably be expected to affect the operation of the other Party's

transmission system. Absent an Emergency or a contrary directive from SPP, the Parties shall coordinate their respective schedules for any such activities and will, to the extent practicable and appropriate under the circumstances, give reasonable consideration to, among other things, the impact of the schedule on the other Party's operations; provided, however, that no Party shall be obligated to schedule such activities to coincide with another Party's scheduled outages, except to the extent required by SPP.

4.4 Inspections and Testing.

4.4.1 Inspections. The Parties shall perform routine inspection and testing of their equipment on their respective Interconnection Facilities in accordance with Good Utility Practice and the applicable requirements of NERC, SPP, and RE as may be necessary to ensure the continued interconnection of their respective transmission systems in a safe and reliable manner.

4.4.2 Right to Observe Testing. A Party shall have the right to observe the other Party's testing of its Interconnection Facilities where their performance may reasonably be expected to affect the reliability of the observing Party's transmission system. The testing Party shall notify the other Party in advance of such testing unless, in the testing Party's reasonable judgment, the testing must be performed immediately, in which case the testing Party shall provide notice as soon as practicable. The observing Party may have a representative attend and be present during any such testing.

4.4.3 Observation of Deficiencies. If a Party observes any condition of the other Party's Interconnection Facilities that it believes may be inconsistent with Good Utility Practice and might reasonably be expected to adversely affect the observing Party's transmission system, the observing Party shall notify the other Party. Notwithstanding the foregoing, no Party shall be relieved from liability for adversely affecting the other Party's transmission system due to the other Party's failure to give such notice.

4.5 Planned Outage. The Parties agree to cooperate in scheduling planned outages as needed for operation, maintenance, and construction. In the event a planned outage of a Party's transmission system may adversely affect the other Party's transmission system, the Party conducting the outage will use efforts consistent with Good Utility Practice and NERC, SPP and RE requirements to complete the work that necessitated the planned outage and restore the transmission system to service as quickly as practicable. The Parties' systems shall be continuously operated in parallel except in cases of interruption due to mutually agreed upon maintenance, causes beyond the control of a Party, requirements of Good Utility Practice, or Emergency. If synchronous operation of the systems is interrupted either manually or automatically because of reasons beyond the control of a Party or scheduled maintenance agreed upon by the Parties, the Parties shall cooperate to remove the cause of such interruption as soon as practical and restore synchronous operation of the systems.

4.7 Relay Settings. Each Party shall modify necessary relay settings at its substations as required to implement this Agreement.

4.8 Reactive Power, Synchronization, and Voltage Schedules. Each Party shall attempt to maintain continuous synchronism through the Interconnection Facilities unless the system frequency drops to 58.5Hz. The Company's automatic under frequency relay scheme may trip its end of the interconnection facilities at 58.5Hz.. Each Party shall endeavor to maintain compatible voltage schedules and minimize reactive power flows on the Interconnection Facilities. The Parties shall design and install equipment, set transformer taps, and take other actions to ensure that voltages on the Interconnection Facilities comply with NERC standards for voltage in the region at any time system conditions may require. Each Party acknowledges that real power flows may require countervailing reactive power flows to maintain the voltage within NERC standards.

4.9 Operating Expenses. Each Party shall be responsible for all expenses associated with operating its own property, equipment, facilities, and appurtenances on its side of the Point of Interconnection, and for expenses associated with operating its Interconnection Facilities, except as provided herein.

4.10 System Protection. Each Party shall install, maintain, and operate System Protection Facilities on its side of the Point of Interconnection.

4.10.1 Protection Requirements. Each Party shall install, operate and maintain devices on the facilities it owns or hereafter may own so as to reasonably minimize the likelihood of a disturbance, originating in the system of one Party, from affecting or impairing the system of the other Party, or other systems to which the Party is interconnected.

4.10.2 Parties' Right to Inspect. Each Party shall have the right but no obligation or responsibility to: (i) observe the other Party's tests and/or inspection of any System Protection Facilities and other protective equipment; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review maintenance records relative to the Interconnection Facilities, System Protection Facilities, and other protective equipment. A Party may exercise the foregoing rights from time to time as it deems necessary upon reasonable notice. However, the exercise or non-exercise by a Party of any of the foregoing rights of observation and review shall not be construed as an endorsement or confirmation of any aspect, feature, element, condition, or operation of the other Party's Interconnection Facilities, System Protection Facilities, or other protective equipment, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information obtained by the inspecting Party through the exercise of any of its rights to observe and review under this Section 4.10.2 shall be deemed to be confidential information.

4.11 Uncontrollable Power and Energy Flows. The Parties recognize that in the day-to-day operation of their systems pursuant to SPP approved transmission service in

accordance with the SPP OATT, the transmission facilities of a Party may, as a result of the ordinary physical and electrical characteristics of the interconnected network of transmission lines of which the transmission lines of the Parties are a part, carry power and energy from one portion of a Party's system to another portion of that Party's system, or carry power and energy intended to be transmitted between one of the Parties' systems and a third party's system. Should such power and energy flows result in a reliability problem, the Parties shall promptly attempt to resolve such problems.

4.12 Continuity of Service. Each Party shall exercise due diligence and reasonable care and foresight to ensure continuity of interconnected operations, but shall not be considered in Default by reason of maintenance outages of its facilities or any cause beyond its control; provided, that each Party shall use due diligence to limit such interruptions, curtailments and outages, and that any outage or curtailments involving mutual facilities shall not constitute a Breach of this Agreement on the part of either Party, and neither Party shall be liable to the other Party for damages as a result thereof except as provided herein.

4.13 Coordinated Transmission Planning. The Parties shall participate in joint planning for transmission additions, expansions, or upgrades related to this Agreement upon the request of one of the Parties. The Parties acknowledge that any joint planning may or may not result in an agreement on a particular project.

4.14 Capability of Interconnection Facilities. Any conductors, circuit breakers, isolation switches, meters, relay protection, or any other electrical device used in the Interconnection Facilities or in series with the Interconnection Facilities shall have seasonal normal and emergency ratings no less than the ratings of the existing facilities at the time of construction of the Interconnection Facilities.

4.15 Study Costs. From time to time, a Party may determine that additional studies of the Interconnection Facilities are necessary. The Party making the determination that additional studies are necessary shall bear the cost unless the Parties agree the additional studies are mutually beneficial, in which case the Parties shall share the costs of the additional studies equally.

4.16 SPP Rights. SPP may without prior notice to or approval of the Parties direct the operation of the Parties' high voltage transmission systems through orders communicated to either Parties' operating or control center personnel, including operation of the Interconnection Facilities pursuant to the SPP OATT, protocols, rules, guidelines, and policies.

ARTICLE V SERVICE CONDITIONS

5.1 Normally Operated Closed. The systems of the Parties shall be normally operated with the interconnections closed between the systems. Nothing contained herein shall

restrict or limit either Party in effecting other interconnections or interconnection agreements with other systems.

5.2 Notice to Open Switch. Each Party will advise the other Party promptly of any necessity for opening a switch or switches to relieve a situation of overload, undue burden, or service impairment as necessary.

5.3 Notice of Adverse Conditions. Each Party will advise the other Party of any conditions on the Party's transmission system which appear to be approaching overload, or causing an undue burden on its system, facilities or equipment, or adversely affecting service to its customers when such conditions may reasonably be expected to impact the other Party's transmission system. Each Party agrees to assist in studies of methods to correct such conditions.

5.4 Correcting Adverse Conditions. Each Party shall exercise commercially reasonable efforts, consistent with Good Utility Practice and applicable SPP requirements, to restore normal interconnected operations following a Notice of Adverse Conditions.

ARTICLE VI MODIFICATIONS

6.1 Generally. Each Party shall make Modifications to its Interconnection Facilities as necessary to comply with Good Utility Practice. Modifications shall be subject to the approval process set forth in Attachment O of the SPP Tariff, as may be applicable.

6.2 Notice of Modification. In the event a Party plans to make a Modification to its Interconnection Facilities that reasonably may be expected to impact the other Party's transmission system, the initiating Party shall provide the other Party and SPP with at least ninety (90) days advance notice of the Modification. The nature of and schedule for the Modification shall be subject to review and acceptance by the other Party and SPP, which review and acceptance shall not be untimely nor unreasonably withheld or delayed, to ensure the Modification will (i) not adversely affect a Party's transmission system or other facilities, and (ii) are consistent with Good Utility Practice. Subject to all applicable requirements imposed by SPP, FERC, NERC, and RE, the Party making the Modification shall be solely responsible for the safe and adequate design, operation, and maintenance of the modified facilities. If the Party receiving the Notice of Modification does not respond within one hundred twenty (120) days of receipt, then the other Party will be deemed to have approved the noticed Modification.

6.3 Cost Responsibility. When the actions of a Party necessitate the other Party to make a Modification to its Interconnection Facilities that would not otherwise be necessary pursuant to SPP, FERC, NERC, or RE requirements, the cost of the Modification shall be at the sole expense of the Party whose actions necessitate the Modification, unless otherwise agreed to in writing by the Parties; provided, however, that the responsibility of the Party whose actions necessitate the Modification is limited

to those costs that are incremental to costs already planned to be incurred by the other Party.

ARTICLE VII
CONSTRUCTION STANDARDS

7.1 Construction Standards. Each Party shall construct its Interconnection Facilities in accordance with Good Utility Practice, the requirements of NERC and SPP, and to standards at least equal to those provided by the National Electrical Safety Code of the Institute of Electrical and Electronics Engineers.

ARTICLE VIII
RELIABILITY STANDARDS

8.1 Reliability Standards. The Parties agree to adhere to the reliability standards, including coordination requirements and mitigation procedures, promulgated by NERC and SPP, provided that any such reliability standard has been approved by FERC. The Parties shall use commercially reasonable efforts to comply with reliability standards, or modifications thereto, that are adopted by SPP or NERC but not yet approved by FERC. Each Party is responsible for their own NERC compliance responsibilities and agrees to jointly develop mitigation procedures if necessary.

ARTICLE IX
EMERGENCIES

9.1 Generally. The Parties agree to adopt, implement and maintain emergency procedures which comply with NERC standards and SPP emergency procedures.

9.2 Notice. As provided in Section 26.3 of this Agreement, a Party shall provide the other Party with verbal notification that is prompt under the circumstances of an Emergency that may reasonably be expected to affect the other Party's operation of its transmission systems, to the extent the notifying Party is aware of such an Emergency. The notification shall describe the Emergency as known, its anticipated duration, the corrective action that has been/will be taken, and the extent of any resulting damage or deficiency. The verbal notice shall be followed as soon as practicable with written notice.

9.3 Immediate Action. In the event of an Emergency, the Party becoming aware of the Emergency may, in accordance with Good Utility Practice and using its reasonable judgment, take such action with respect to its own facilities as is reasonable and necessary to prevent, avoid, or mitigate dangerous conditions, injury, and/or loss of life or property. The Parties shall, consistent with Good Utility Practice, take whatever actions or inactions the Parties deem necessary during an Emergency, including

requesting and complying with directives of SPP, to: (i) preserve public health and safety; (ii) preserve the reliability of the Parties' transmission systems; (iii) limit or prevent damage to person or property; and (iv) expedite restoration of service.

9.4 Restoration of Operations. Each Party shall exercise commercially reasonable efforts to restore normal interconnected operations under this Agreement upon resolution of the Emergency.

ARTICLE X METERING

10.1 Ownership. The ownership of the metering facilities for each of the interconnections under this Agreement shall be as shown in Exhibit A and Exhibit B to this Agreement.

10.2 Telemetry of Meter Data. Using industry acceptable telemetry practices, the metering facilities in Exhibits A and B shall measure energy and transduce the measured energy into electrical quantities which can be readily transmitted by practical and acceptable communication channels to the Dispatching Offices of the Parties.

10.3 Meter Maintenance. The metering facilities shall be provided and maintained in accordance with Good Utility Practice at the expense of the Party owning the facilities.

10.4 Check Meters. Each Party shall have the right to install at its own expense metering facilities at a Point of Interconnection for the purpose of backing up and/or checking the metering facilities installed by the other Party.

10.5 Point of Measurement. The amounts of energy supplied and received between the Parties' transmission systems shall be determined from measurements taken at the Points of Interconnection.

10.6 Testing of Meters. A Party shall, at its own expense, test the metering facilities it owns at least annually and maintain the facility's accuracy of registration in accordance with Good Utility Practices. A Party may request a special test of the other Party's meters. If the special test discloses the meter is registered correctly or within one half percent (0.5%) thereof, then the Party requesting the special test shall bear the expense, otherwise the special test expense shall be borne by the other Party. A Party conducting any routine or special testing of its metering facilities or testing for purposes of settlements under this Agreement shall afford representatives of the other Party an opportunity to be present.

10.7 Provision of Meter Data. Each Party shall furnish the other Party, upon request and within reasonable time frames, data from meter registrations and other sources in such detail and with such segregations as may be needed for operating records, or for

settlements hereunder, or for other reasonable purposes, including but not limited to fulfillment of balancing authority responsibilities.

10.8 Additional Requirements. Specific provisions concerning metering and metering facilities for a specific interconnection may be set forth in Exhibits A and B to this Agreement. In the event of a conflict between this Article X and the metering-related provisions set forth in an exhibit, the provisions in the exhibit shall control.

ARTICLE XI COMMUNICATION FACILITIES

11.1 Communication Facilities. Communication facilities for voice, telemetry, or supervisory control necessary for the effective operation of this Agreement shall be installed, maintained, and operated by the Parties, and the capital costs and operating and maintenance costs of such facilities shall be shared as specified in Exhibits A and B to this Agreement.

11.2 Additional Requirements. Specific provisions concerning communications and communication facilities for a specific interconnection may be set forth in Exhibits A or B to this Agreement. In the event of a conflict between this Article XI and the communications-related provisions set forth in an exhibit, the provisions of the exhibit shall control.

ARTICLE XII FURNISHING OF INFORMATION

12.1 Furnishing of Information. Each Party shall furnish to the other Party the system data necessary to construct, operate, and maintain the Interconnection Facilities and Modifications, and to support the other Party's system reliability, subject to terms and conditions of confidentiality established by the Parties.

ARTICLE XIII OPERATING COMMITTEE

13.1 Establishing the Operating Committee. Each Party shall appoint one representative and one alternate representative to the Operating Committee, which shall be responsible for determining the operating arrangements for the interchange or delivery of energy pursuant to this Agreement. Each Party shall evidence such appointment by written notice to the other Party, and by similar notice either Party may at any time change its representative on the Operating Committee.

13.2 Authority. The two representatives on the Operating Committee, or one or both of the alternate representatives when acting as a representative, shall have equal

authority, and all decisions made or directions given by the Operating Committee must be unanimous. If the Operating Committee cannot reach a unanimous decision, the dispute shall be resolved pursuant to Article XXV (Dispute Resolution) of this Agreement.

ARTICLE XIV
BILLINGS AND PAYMENTS

14.1 All bills for amounts owed by a Party to the other Party under this Agreement not otherwise billed by SPP shall be due on the 15th day after the close of the billing period for such bills or on the 10th day following receipt of bill, whichever is later. The standard period for the purpose of settlements under this Agreement shall be a calendar month.

ARTICLE XV
FORCE MAJEURE

15.1 Force Majeure Events. A Party claiming force majeure shall not be liable for any act or event beyond the reasonable control of the Party and occurring or arising without its fault or negligence which materially prevents, delays, or impairs the performance of the Party's obligations under this Agreement, including storm, flood, lightning, earthquake, fire, explosion, failure or imminent failure of equipment or facilities, civil unrest, strike, boycott, or other labor disturbance, sabotage, terrorism, war, national emergency, or the operation of any Applicable Law that is not an adjudication against such party for violation of Applicable Law. The Party claiming force majeure is obligated to use commercially reasonable efforts to remedy the effects thereof as diligently and expeditiously as possible.

15.2 Limitations. The provisions of this Article XV will not excuse a Party from the prompt and full performance of any payment obligation under this Agreement. A Party shall not be required under this Agreement to settle any strike, walkout, lockout, or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interests, it being understood that the settlement of strikes, walkouts, lockouts, or other labor disputes will be at the sole discretion of the Party having the difficulty.

15.3 Notice. A Party claiming force majeure will notify the other Party in writing or by telephone as soon as reasonably possible after the force majeure event, but in any event within seven (7) days of the determination that a force majeure event has occurred. Telephone notices will be confirmed in writing as soon as reasonably possible, and all written notices will describe the force majeure event, including the time and date that it occurred, the plan for mitigating or terminating its effects, and when it is reasonably expected to cease.

ARTICLE XVI
BREACH, CURE AND DEFAULT

16.1 Events of Breach. The occurrence of any one of the following shall constitute an Event of Breach by a Party (the “Breaching Party”):

- (a) Failure to comply with any material term or condition of this Agreement, including but not limited to any material breach of a representation, warranty or covenant made in this Agreement;
- (b) Failure to be able to financially perform under this Agreement as evidenced by: (i) being adjudicated bankrupt or insolvent by decree of a court of competent jurisdiction; (ii) filing a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or consenting to the filing of any bankruptcy or reorganization petition against it under any similar law; (iii) making a general assignment for the benefit of its creditors; or (iv) consenting to the appointment of a receiver, trustee, or liquidator;
- (c) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
- (d) Failure to provide access rights as provided under this Agreement, or attempts to revoke or terminate such access rights;
- (e) Failure to provide information or data to the other Party as required under this Agreement; provided, however, the other Party requires such information or data to satisfy its obligations under this Agreement;
- (f) Failure to act in accordance with the terms, requirements, and results of the dispute resolution process; or
- (g) Failure to remain legally authorized to own and operate electric transmission facilities in the State of Oklahoma.

16.2 Continued Operation. When an Event of Breach occurs, the Parties shall continue to operate and maintain, as applicable, such DC power systems, protection and metering equipment, telemetering equipment, supervisory control and data acquisition (“SCADA”) equipment, transformers, communications equipment, building facilities, software, documentation, structural components, and other facilities and appurtenances that are reasonably necessary for the Parties to operate and maintain their respective transmission systems in a safe and reliable manner.

16.3 Cure and Default.

- (a) A Breaching Party automatically will be deemed to be in “Default” of this Agreement upon the occurrence of any one of the Events of Breach described in Section 16.1(b) (ii)-(iv) of the Agreement.
- (b) Upon the occurrence of any Event of Breach other than those described in Section 16.1(b) (ii)-(iv), any Party not in breach (hereinafter a “Non-Breaching Party”), when it becomes aware of any such Event of Breach, shall give written notice of the Event of Breach to the Breaching Party. Such notice shall set forth, in reasonable detail, the nature of the breach, and where known and applicable, the steps necessary to cure such breach. Upon receiving written notice of the breach hereunder, the Breaching Party shall have thirty (30) days to cure such breach. If the breach is such that it cannot be cured within such thirty-day (30-day) time period, the Breaching Party will commence in good faith all steps as are reasonable and appropriate to cure the breach within such thirty-day (30-day) time period and thereafter diligently pursue such action to completion. In the event the Breaching Party fails to cure the breach, or to commence reasonable and appropriate steps to cure the breach, within such thirty-day (30-day) time period, the Breaching Party will be in “Default” of the Agreement.
- (c) Upon the occurrence of a Default, a Non-Breaching Party may, subject to the limitations contained in Article XVII, terminate this Agreement as to the Breaching Party by providing written notice of termination to the Breaching Party and to SPP, except that where a Default has been disputed by the Breaching Party, termination of this Agreement on account of such Default may not occur absent a final, binding and non-appealable decision by FERC, an arbitrator, or a court of competent jurisdiction making a determination of said Default.

ARTICLE XVII

TERM AND TERMINATION OF INTERCONNECTION SERVICE

17.1 Term. This Agreement shall become effective upon such date as specified by any regulatory body having jurisdiction of the issue (the “Effective Date”), and shall continue in effect thereafter for an initial period ending December 31, 2034, and shall continue in effect thereafter until terminated pursuant to Section 17.2.

17.2 Termination of Agreement.

17.2.1 By Mutual Consent. This Agreement may be terminated at any time by mutual agreement of the Parties following the expiration of one (1) year written notice to SPP.

17.2.2 By A Party. A Party may terminate this Agreement as follows:

- (a) upon the removal of the Party's transmission system from service following the expiration of a one (1) year written notice to the other Party; or
- (b) as to a Non-Breaching Party, upon a Default by Breaching Party as provided in Section 16.3; or
- (c) on or after December 31, 2032, following the expiration of two (2) years written notice of termination to the other Party.

17.3 FERC Approval. No termination of this Agreement shall become effective until the terminating Party or Parties provide FERC any required notification of the termination and obtains any required FERC approval.

17.4 Disconnection. Upon termination of this Agreement in accordance with this Article, a Party shall coordinate with the other Party to physically disconnect its transmission system from the other Party's transmission system.

17.5 Survival of Rights. Termination of this Agreement shall not relieve the Parties of any of their liabilities and obligations arising hereunder prior to the date termination becomes effective, and each Party may take whatever judicial or administrative actions as appear necessary or desirable to enforce its rights hereunder. Applicable provisions of this Agreement will continue in effect after termination of this Agreement to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from events or acts that occurred while this Agreement was in effect.

ARTICLE XVIII WAIVERS

18.1 Waiver. Except as otherwise provided in this Agreement, a Party may release the other Party from complying with an obligation, covenant, agreement, or condition herein by a written waiver signed by the Party granting such waiver; provided, however, that such waiver or any failure of a Party to insist upon the other Party's strict compliance with an obligation, covenant, agreement, or condition will not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply with the same or any other obligation, covenant, agreement, or condition herein.

18.2 Failure to Enforce. Failure of a Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement, or to give notice or declare this Agreement or the rights hereunder terminated, shall not constitute a waiver or relinquishment of any rights set out herein, but the same shall be and remain at all times in full force and effect as to future acts and omissions, unless and only to the extent

expressly set forth in a writing signed by the Party granting such waiver or relinquishing any such right(s). Any waiver granted, or relinquishment of any right, by a Party shall not operate as a relinquishment of any other rights or a waiver or of any other failure of the Party granted the waiver to comply with any obligation, covenant, agreement, or condition herein.

ARTICLE XIX
REGULATORY APPROVAL

19.1 Regulatory Approval. This Agreement and all obligations hereunder are expressly conditioned upon any approval or authorization required by Applicable Laws and Regulation being granted. Each Party shall aid and assist the other in obtaining any such necessary approval or authorization. This Agreement shall become null and void if FERC fails to accept this Agreement or materially changes the substance of this Agreement.

ARTICLE XX
TIME OF INSTALLATION

20.1 OG&E and Company shall use commercially reasonable efforts to furnish and install, complete, test, and make ready for operation the facilities identified in Exhibits A and B by the timeframes specified in Exhibits A or B for the facilities. Final connection and energization of the circuitry for each interconnection will be as specified in Exhibits A and B for such interconnection.

ARTICLE XXI
RIGHTS OF INSTALLATION, ACCESS AND REMOVAL

21.1 Provision of Required Easements. Each Party shall, pursuant to a separate easement agreement for each interconnection and with reasonable notice requirements, grant to the other Party without cost the right to install, maintain, and operate on the premises of the other Party during the terms of this Agreement all equipment, apparatus, and devices which may be reasonably necessary for use in the performance of this Agreement, and, as to OG&E, fulfillment of its balancing authority responsibilities. Pursuant to the separate easement agreements, a Party shall furnish the other Party any rights of use, licenses, rights-of-way and easements with respect to lands owned or controlled by the Party, its agents, or any affiliates that are necessary to enable the other Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace, or remove facilities and equipment.

21.2 Access to Premises. Pursuant to each separate easement agreement, and with reasonable notice requirements, each Party shall give all necessary permission to the other to enable its representatives to carry out this Agreement and shall give the other the

right by duly authorized representatives and employees, when accompanied by its own authorized representative, to enter the premises of the Party owning same at all reasonable times for the purpose of reading or checking meters, or inspecting, testing, repairing, renewing, or exchanging all of its equipment, apparatus, and devices which may be located on the property of the other, or for the purpose of performing any other work incident to the performance of this Agreement, including, as to OG&E, fulfillment of its balancing authority responsibilities. In the exercise of the rights granted under this Agreement, the Party accessing the premises of the other Party shall not unreasonably disrupt or interfere with the normal operation of the other Party's business and shall adhere to the safety rules and procedures regarding access and operations on the premises established in advance, as the same may be changed from time to time, by the other Party and provided to the accessing Party

21.3 Ownership of Equipment. Any equipment, apparatus, and devices necessary for a Party to fulfill its obligations under this Agreement that are placed or erected on or in the premises of the other Party shall be and remain property of the Party owning and installing such equipment, apparatus, and devices regardless of the mode and manner of its annexation or attachment to real property of the other Party. Upon the termination of service provided for hereunder and for a period of six (6) months thereafter, a Party shall have the right, upon reasonable notice, to enter upon the premises of the other Party during normal working hours to remove such equipment, apparatus, or devices owned by the Party. If such facilities are not removed within such six (6) month period, the owner shall forfeit all right to recover same or be compensated for same.

ARTICLE XXII LIABILITY AND INDEMNIFICATION

22.1 Limitations of Liability. A Party shall not be liable for money damages or other compensation to the other Party or to SPP for actions or omissions in performing its obligations under this Agreement, except to the extent such act or omission is found to result from its gross negligence or intentional wrongdoing. Neither Party nor SPP may seek to enforce any claims against the directors, members, shareholders, officers, employees, or agents of a Party or its Affiliates by reason of their status as directors, members, shareholders, officers, employees or agents of a Party or its Affiliates. Neither Party shall be liable for damages arising out of its actions or omissions in performing its obligations under this Agreement, including, but not limited to any act or omission that results in an interruption, deficiency or imperfection of service, occurring as a result of Force Majeure, or resulting from electric system design or practices which are in accordance with Good Utility Practice. Neither Party shall be liable for acts or omissions done in compliance or good faith attempts to comply with directives of SPP. In no event shall a Party be liable for any incidental, consequential, punitive, special, exemplary or indirect damages, loss of revenues or profits, arising out of, or connected in any way with its performance or non-performance under this Agreement.

22.2 Indemnification. Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and save the other Party, and its officers, directors, employees, agents, consultants and contractors (the “Indemnified Parties”) harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney’s fees, and all other obligations by or to third parties, arising out of or resulting from the Indemnifying Party’s performance of obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the Indemnified Parties.

22.3 SPP Limitation of Liability. No Party shall be liable for the failure of any other Party or SPP to perform its obligations hereunder. Nothing in this Agreement shall be construed to create or give rise to any liability on the part of SPP, and the Parties expressly waive any claims that may arise against SPP under this Agreement. By executing this Agreement, SPP does not agree to the provisions that do not affect or involve SPP transmission service or SPP’s role as a FERC-approved RTO. SPP’s only purpose and involvement in executing this Agreement is with regard to any sections which may affect or involve SPP transmission service or SPP’s role as a FERC-approved RTO.

22.4 Effect of SPP Signature. The Parties acknowledge and understand that the signature of the authorized officer of SPP on this Agreement is for the limited purpose of acknowledging that an officer of SPP has read the terms of this Agreement. The Parties and SPP further state that they understand that FERC desires that the Parties keep SPP fully apprised of the matters addressed herein as well as any reliability and planning issues that may arise under this Agreement, and that the signature of the SPP officer shall not in any way be deemed to imply that SPP is taking responsibility for the actions of any Party, that SPP has any affirmative duties under this Agreement, or that SPP is liable in any way under this Agreement except as specifically provided in the SPP Tariff.

22.5 Survival. The limitations of liability and indemnification obligations of each Party under this Article shall continue in full force and effect regardless of whether this Agreement has been terminated with respect to matters that arise during the effectiveness of the Agreement.

ARTICLE XXIII ASSIGNMENT

23.1 Successors and Assigns. This Agreement, and the rights and obligations created thereby, shall bind and inure to the benefit of the successors and permitted assigns of the Parties hereto.

23.2 Consent Required. Subject to paragraph 23.3 below, no Party may assign any rights or obligations hereunder without obtaining the consent of the other Party, which consent shall not unreasonably be withheld.

23.3 Assignment in Event of Merger or for Financing. Notwithstanding anything to the contrary herein, a Party may without the consent of the other Party or SPP but with reasonable prior written notice to both (i) assign this Agreement to any entity or entities in connection with a merger, consolidation, reorganization, or other change in the organizational structure of the assigning Party, provided that the surviving entity(ies) agree(s) in writing to assume the assigning Party's obligations and duties under, and be bound by, the terms of this Agreement, or (ii) transfer, sell, pledge, encumber or assign this Agreement and the accounts, revenues, or proceeds hereof in connection with a financing of or for the Party, or in connection with other financial arrangements involving the Party .

ARTICLE XXIV SUBCONTRACTOR

24.1 Generally. Nothing in this Agreement shall prevent a Party from utilizing the services of such subcontractors as it deems appropriate to perform its obligations under this Agreement; provided, however, that the Parties shall require their subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services.

24.2 Responsibility of Principal. The creation by a Party of any subcontract relationship shall not relieve the Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for the acts or omissions of its subcontractor(s) as if no subcontract had been made. All applicable obligations imposed by this Agreement upon a Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of the Party.

24.3 No Third Party Beneficiary. No subcontractor is intended to be, nor will it be deemed to be, a third-party beneficiary of this Agreement.

24.4 No Limitation by Insurance. The obligations under this Article will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE XXV DISPUTE RESOLUTION

25.1 Dispute Resolution. In the event a Party has a dispute or asserts a claim that arises out of or is connected to this Agreement, such Party (the "Disputing Party") shall provide the other Party written notice of the dispute or claim ("Notice of Dispute"). After receipt of the Notice of Dispute, the dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of receipt of the Notice of Dispute, such claim or dispute shall be submitted for resolution in

accordance with the dispute resolution procedures of the SPP Tariff which is hereby adopted mutatis mutandis.

ARTICLE XXVI
NOTICES AND COMMUNICATIONS

26.1 Unless otherwise specified herein, all notices, requests, claims, demands and other communications required or permitted to be given under this Agreement must be in writing, and must be given by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid for delivery by certified or registered mail, or personally delivered to the respective Parties as follows:

**To: OKLAHOMA GAS & ELECTRIC
COMPANY**

Philip L Crissup
Vice-President Utility Technical Support
Oklahoma Gas and Electric Company
PO Box 321, Mail Code 903
Oklahoma City, OK 73102
Phone: (405) 553-5931
Email: crissupl@oge.com

For operational issues contact:

OG&E Transmission Control Center
Operations
P.O. Box 321 M:123
Oklahoma City, OK 73101-321
405-553-8166

**To: SOUTHWESTERN PUBLIC
SERVICE COMPANY**

Mark C. Moeller
Manager, Transmission Business Relations
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401
Phone:612-330-6773 or
800-328-8226 ext 0
Email: mark.c.moeller@xcelenergy.com

For operational issues contact:

SPS System Operations-Reliability Desk
6086 West 48th Street
Amarillo, TX 79109
806-640-6967

To: SOUTHWEST POWER POOL

Tessie Kentner
Attorney
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Phone: (501) 688-1782
Email: tkentner@spp.org

Any such notice or communication will be deemed to have been given as of the date received.

26.2 Any Party may change its address or designated representative for notices by notice to the other Parties in the manner provided above.

26.3 Notwithstanding Section 26.1, any notice hereunder concerning an Emergency or other occurrence requiring prompt attention, or as necessary during day-to-day operations, may be made by telephone or in person. Notice in an Emergency, or as necessary during day-to-day operations, shall be provided: (i) if by Company, to the operator on duty at OG&E's transmission control center, (ii) if by OG&E, to the operator on duty at Company's transmission control center, and (iii) if by SPP, pursuant to SPP's established procedures.

ARTICLE XXVII
MISCELLANEOUS PROVISIONS

27.1 Governing Law.

- (a) When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of the State of Oklahoma without giving effect to the conflict of law principles thereof.
- (b) Except for those matters covered in this Agreement which are either jurisdictional to FERC or submitted to dispute resolution pursuant to Article XXV, any action arising out of or concerning this Agreement must be brought in State of Oklahoma District Court in Oklahoma County or the United States District Court for the Western District of Oklahoma. The Parties hereby consent to the jurisdiction by these Courts for the purpose of hearing and determining any action not pre-empted by FERC.

27.2 Relationship of the Parties. Nothing in this Agreement is intended to create a partnership, joint venture, or other joint legal entity making any Party jointly or severally liable for the acts of the other Party. Unless otherwise agreed to in a writing signed by all Parties, no Party shall have any authority to create or assume in another Party's name or on its behalf any obligation, express or implied or to act or purport to act as any other Party's agent or legally-empowered representative for any purpose whatsoever. Each Party shall be solely liable for the payment of all wages, taxes, and other costs related to the employment of persons by that Party to perform under this Agreement, including all federal, state, and local income, social security, payroll and employment taxes and statutorily-mandated workers' compensation coverage. None of the persons employed by any Party shall be considered employees of the other Party for any purpose; nor shall any Party represent to any person that such persons are or shall become employees of the other Party. Except as expressly provided for herein, no Party shall be liable to any third Party in any way for any engagement, obligation, commitment, contract, representation, or for any negligent act or omission to act of the other Party.

27.3 No Third Party Rights. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties hereto, any benefits, interests, rights, or remedies under or by reason of the Agreement.

27.4 Amendment Modification. Except as otherwise provided, this Agreement may only be modified in writing and signed by all Parties, and no modification or amendment to this Agreement or waiver of a Party's rights hereunder shall be binding unless the same shall be in writing and signed by the Parties. Notwithstanding any provision in this Agreement to the contrary, any Party may unilaterally make application to the FERC under Sections 205 or 206 of the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder, as may be applicable, for a change in any rate, term, condition, charge, classification of service, rule, or regulation under or related to this Agreement over which FERC has jurisdiction.

27.5 Severability. If any term, condition, covenant, restriction or other provision of this Agreement is held by a court or regulatory agency of competent jurisdiction or by legislative enactment to be invalid, void or otherwise unenforceable, the remainder of the terms, conditions, covenants, restrictions and other provisions of this Agreement shall remain in full force and effect unless such an interpretation would materially alter the rights and privileges of any Party. If any term, condition, covenant, restriction, or provision of this Agreement is held invalid, void, or otherwise unenforceable, the Parties shall attempt to negotiate an appropriate and equitable replacement, revision, or adjustment to restore the benefits and obligations conferred under the original Agreement.

27.6 Headings and Captions. Article headings, section headings, and/or other captions are included in this Agreement for reference purposes only and shall not constitute a part of this Agreement or in any way affect the meaning or interpretation of this Agreement. Whenever used herein the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

27.7 Further Assurances. A Party shall do such other and further acts and things, and shall execute and deliver such instruments and documents, as the other Party reasonably requests from time to time in furtherance of the purposes of this Agreement, provided that any such acts, things, instruments, and documents are commercially reasonable.

27.8 Entire Agreement. This Agreement, including all exhibits, schedules, appendices, and other attachments hereto and hereby made a part hereof, sets forth the entire understanding and agreement of the Parties as to the subject matter of this Agreement and merges and supersedes all prior written and oral understandings, offers, agreements, commitments, representations, writings, discussions, or other communications of every kind between the Parties pertaining to the subject matter hereof.

27.9 Rights Cumulative. The rights and remedies set forth in this Agreement are cumulative and non-exclusive.

27.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers, as of the day and year first hereinbefore written.

OKLAHOMA GAS & ELECTRIC COMPANY

By: Oklahoma Gas & Electric Company

By: /s/ Philip L. Crissup
Phillip Crissup
Vice President, Utility Technical Services

ATTEST:

/s/ Patricia D. Horn
Secretary

SOUTHWESTERN PUBLIC SERVICE COMPANY

By: Southwestern Public Service Company

By: /s/ I.R. Benson
Ian R. Benson
Director, Transmission Planning & Business Relations, as
Agent for Southwestern Public Service Co.

SOUTHWEST POWER POOL, INC.

By: /s/ Carl Monroe
Carl Monroe
Executive Vice President and Chief Operating Officer

Exhibit A

Interconnection No. 1

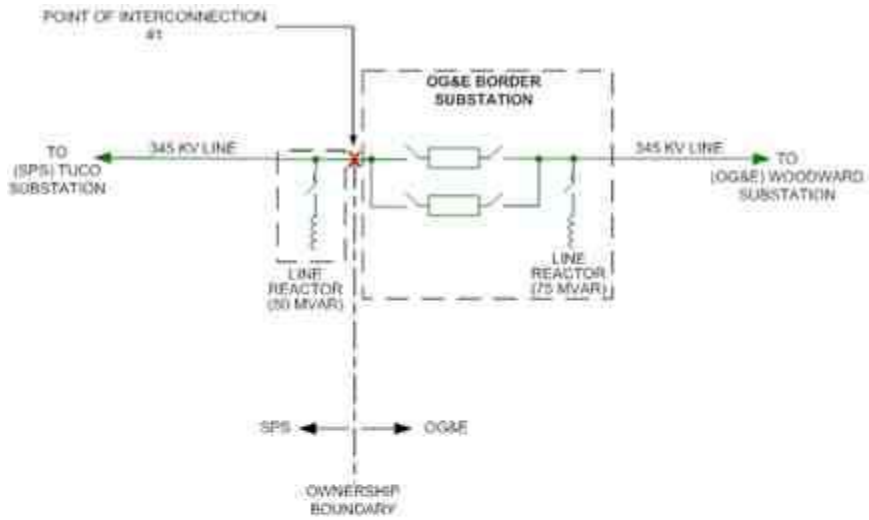
Southwestern Public Service Co. 345 kV Tuco – Border Transmission Line OG&E 345 kV Border Substation

Interconnection No. 1 (“Tuco – Border Interconnect”) – The interconnection is between the Company 345 kV Southwestern Public Service Company (“SPS”) Tuco – Border Project and the OG&E 345 kV Border Substation Project. The interconnection will be made at 345 kV. By virtue of the OG&E owning the 345 kV Border Substation yard and acting as a Balancing Authority within SPP, OG&E will include the Border Substation within its Balancing Authority boundaries. By virtue of SPS owning the Tuco-Border Project and acting as a Balancing Authority within SPP, SPS will include the Tuco-Border 345kV line within its Balancing Authority boundaries. SPS will have access to the area containing its reactors and OG&E will provide easement to SPS for this area. The protection relays for the SPS reactors will be installed in the OG&E Border Substation. The protection relays will be specified by SPS and OG&E will own and maintain the relays.

The 345 kV interchange meter(s) and required communication facilities, necessary for balancing authority responsibilities by OG&E, will be owned and maintained by the OG&E. Meters will be capable of measuring required data including MW, MVAR, MWh, and MVARh. SPS will have access to the Interconnection Meters, necessary for balancing authority responsibilities by SPS. SPS will communicate with OG&E’s Border Sub RTU via a frame relay circuit leased by SPS from the local telephone company. Interconnection Meter data will also be available via ICCP through the SPP.

Exhibit A

Interconnection No. 1



Interconnection No. 2

SPS 345 kV Hitchland – Woodward Transmission Line OG&E 345 kV Woodward Substation

Interconnection No. 2 (“Hitchland – Woodward Interconnect”) – The interconnection is between the Company 345 kV SPS Hitchland Substation and the OG&E 345 kV Woodward Substation. The interconnection will be made at 345 kV level near the Texas and Beaver Counties boundary approximately 29.3 transmission miles from Hitchland Substation (adjacent to the future site of the OG&E Beaver substation). Two lines will be built parallel on the same 345 kV line structure. The line reactors will be installed at the SPS Hitchland Substation and OG&E Woodward ends. The protection relays for the SPS line reactors will be installed at the Hitchland Substation while the protection relay for the OG&E line reactors will be installed at the Woodward Substation.

The 345 kV interchange meter(s) and required communication facilities, necessary for balancing authority responsibilities by OG&E, will be owned and maintained by the OG&E and installed at OG&E’s Woodward substation. Meters will be capable of measuring required data including MW, MVAR, MWh, and MVARh. SPS will have access to the Interconnection necessary for balancing authority responsibilities by SPS, via OG&E’s Woodward substation RTU. SPS will communicate with OG&E’s Woodward Sub RTU via a frame relay circuit leased by SPS from the local telephone company. Interconnection Meter data will also be available by ICCP through the SPP.

Exhibit A

Interconnection No. 2

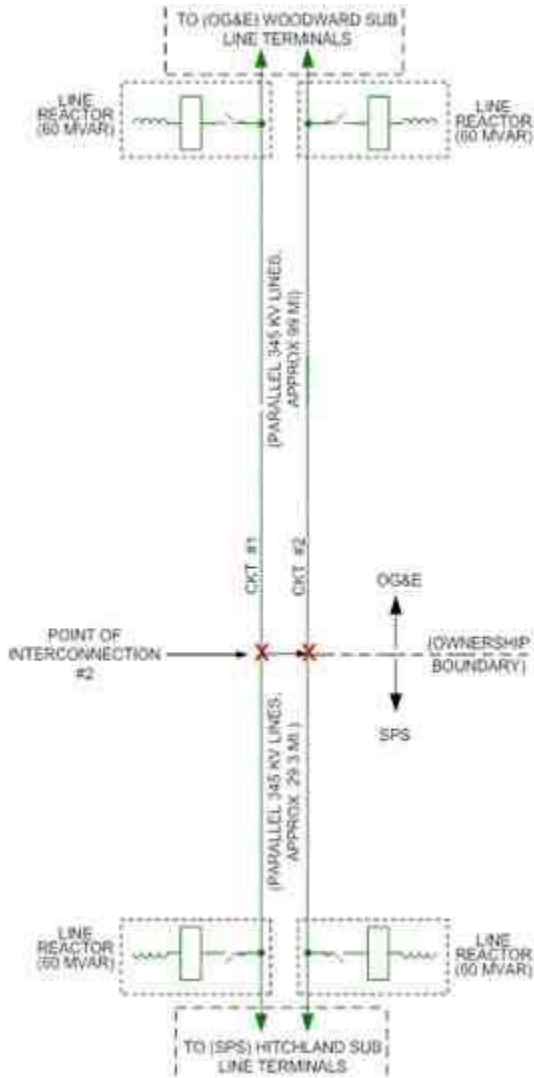


Exhibit B
Third-Party Interconnections
(Future use)