

SPP-NTC-200324

**SPP
Notification to Construct**

February 18, 2015

Mr. John Fulton
Southwestern Public Service Company
P.O. Box 1261
Amarillo, TX 79105

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Mr. Fulton,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachments O and Y of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Southwestern Public Service Company ("SPS"), as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is Conditioned upon SPS not ordering materials or beginning construction until:

(1) the DTO submits a refined project cost 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 project cost estimate (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 27, 2015, the SPP Board of Directors approved the Network Upgrade(s) listed below to be constructed as part of the 2015 Integrated Transmission Planning ("ITP") Near-Term Assessment

New Network Upgrades

Project ID: 30666

Project Name: Device - China Draw and Road Runner 115 kV SVC

Need Date for Project: 4/1/2015

Estimated Cost for Project: \$38,413,569

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Network Upgrade ID: 50864

Network Upgrade Name: China Draw 115 kV SVC

Network Upgrade Description: Install new SVC at China Draw 115 kV substation with effective range of -50/+200 MVAR.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: Install new SVC at China Draw 115 kV substation with effective range of -50/+200 MVAR.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$20,064,549

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51132

Network Upgrade Name: Road Runner 115 kV SVC

Network Upgrade Description: Install new SVC at Road Runner 115 kV substation with effective range of -50/+200 MVAR.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: Install new SVC at Road Runner 115 kV substation with effective range of -50/+200 MVAR.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$18,349,020

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Project ID: 30914

Project Name: Multi - Road Runner 115 kV Loop Rebuild

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Need Date for Project: 6/1/2015

Estimated Cost for Project: \$33,366,902

Network Upgrade ID: 50952

Network Upgrade Name: IMC #1 Tap - Livingston Ridge 115 kV Ckt 1 Rebuild

Network Upgrade Description: Rebuild 9.5-mile 115 kV line from Livingston Ridge to IMC #1 Tap.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$6,469,386

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 50955

Network Upgrade Name: Ponderosa Tap - Whitten 115 kV Ckt 1 Rebuild

Network Upgrade Description: Rebuild 5.9-mile 115 kV line from Ponderosa Tap to Whitten.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$4,044,971

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

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Network Upgrade ID: 50957

Network Upgrade Name: Intrepid West - Potash Junction 115 kV Ckt 1 Rebuild

Network Upgrade Description: Rebuild 1.5-mile 115 kV line from Intrepid West Tap to Potash Junction.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$1,258,393

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 50958

Network Upgrade Name: IMC #1 Tap - Intrepid West 115 kV Ckt 1 Rebuild

Network Upgrade Description: Rebuild 3.9-mile 115 kV line from Intrepid West Tap to IMC #2.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$2,655,853

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51131

Network Upgrade Name: Byrd - Monument Tap 115 kV Ckt 1 Rebuild

Network Upgrade Description: Rebuild 3.8-mile 115 kV line from Monument Tap to

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Byrd.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$2,655,853

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51166

Network Upgrade Name: Ochoa 115 kV Cap Bank (28.8 MVAR)

Network Upgrade Description: Install two (2) stages of 14.4-MVAR capacitor banks at Ochoa 115 kV substation.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: Install 28.8 MVAR of capacitance at Ochoa 115 kV substation.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$1,619,280

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51194

Network Upgrade Name: Potash Junction 230 kV Cap Bank

Network Upgrade Description: Install one (1) 100-MVAR capacitor bank at Potash Junction 230 kV substation.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

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TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: Install one (1) 100-MVAR of capacitance at Potash Junction 230 kV substation.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$6,465,875

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51195

Network Upgrade Name: Road Runner 115 kV Cap Bank

Network Upgrade Description: Install one (1) 28.8-MVAR capacitor bank at Road Runner 115 kV substation.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: Install 28.8 MVAR of capacitance at Road Runner 115 kV substation.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$1,619,280

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51245

Network Upgrade Name: Cardinal - Targa 115 kV Ckt 1 Rebuild

Network Upgrade Description: Rebuild 3-mile 115 kV line from Cardinal to Targa.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

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Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$2,049,062

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51250

Network Upgrade Name: National Enrichment Plant - Targa 115 kV Ckt 1

Network Upgrade Description: Rebuild 4.3-mile 115 kV line from National Enrichment Plant to Targa.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 304 MVA.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$2,909,669

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

Network Upgrade ID: 51254

Network Upgrade Name: Agave Hill 115 kV Cap Bank

Network Upgrade Description: Install one (1) 28.8-MVAR capacitor bank at Agave Hill 115 kV substation.

Network Upgrade Owner: SPS

MOPC Representative(s): William Grant

TWG Representative: John Fulton

Categorization: Regional reliability

Network Upgrade Specification: Install 28.8 MVAR of capacitance at Agave Hill 115 kV substation.

Network Upgrade Justification: To address overloads and low voltages in southeast New Mexico for the loss of several elements including Kiowa - Road Runner 345 kV Ckt 1, Hobbs - Kiowa 345 kV Ckt 1, Road Runner 345/115 kV Ckt 1 transformer, and

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Intrepid West Tap - Potash Junction 115 kV Ckt 1.

Estimated Cost for Network Upgrade (current day dollars): \$1,619,280

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 12/1/2014

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, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a sufficient written commitment to construct as required by the SPP OATT could result in the Network Upgrade(s) being assigned to another entity.

CPE

Please provide SPP CPE by November 30, 2015, as described in SPP's Business Practice No. 7060 regarding Notification to Construct with Conditions. SPS shall advise SPP of any inability to provide the CPE by November 30, 2015 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

On an ongoing basis, please keep SPP advised of any inability on SPS's part to complete the approved Network Upgrade(s). For project tracking, SPP requires SPS to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, SPS shall also advise SPP of any inability to comply with the Project Schedule as soon

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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,



Lanny Nickell
Vice President, Engineering
Phone: (501) 614-3232 • Fax: (501) 482-2022 • lnickell@spp.org

cc: Carl Monroe - SPP
Antoine Lucas - SPP
William Grant - SPS