SPP Notification to Construct

December 7, 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, to construct the Network Upgrade(s).

On January 27, 2015, the SPP Board of Directors ("Board") approved the Network Upgrade(s) listed below to be constructed as part of the 2015 Integrated Transmission Planning Near-Term Assessment. On February 18, 2015, SPP issued SPS the Notification to Construct with Conditions ("NTC-C") No. 200324.

On October 27, 2015, the Board approved the Network Upgrade(s) specified in the NTC-C No. 200324 with the Network Upgrade ID Nos. 51166, 51195, and 51254 to be withdrawn.

On November 30, 2015, SPP received SPS’s NTC-C Project Estimate(s) ("CPE") for the remaining Network Upgrade(s) specified in the NTC-C No. 200324. SPP approves the CPE(s) as meeting the requirements of Condition No. 1 of the NTC-C, and issues this NTC for the Network Upgrade(s) listed below.

**Upgrades with Modifications**

**Previous NTC Number:** 200324  
**Previous NTC Issue Date:** 2/18/2015  
**Project ID:** 30914  
**Project Name:** Multi - Road Runner 115 kV Loop Rebuild  
**Need Date for Project:** 6/1/2015  
**Estimated Cost for Project:** $30,027,505
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
Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.
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): $5,846,342
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 11/30/2015

Network Upgrade ID: 50955
Network Upgrade Name: Ponderosa Tap - Whitten 115 kV Ckt 1 Rebuild
Network Upgrade Description: Reconductor 5.9-mile 115 kV line from Ponderosa Tap to Whitten.
Network Upgrade Owner: SPS
MOPC Representative(s): William Grant
TWG Representative: John Fulton
Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.
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): $3,943,853
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 11/30/2015

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
Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.
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): $3,196,240
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPS
Date of Estimated Cost: 11/30/2015

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
Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.
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):** $3,121,473

**Cost Allocation of the Network Upgrade:** Base Plan

**Estimated Cost Source:** SPS

**Date of Estimated Cost:** 11/30/2015

**Network Upgrade ID:** 51131

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

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

**Network Upgrade Owner:** SPS

**MOPC Representative(s):** William Grant

**TWG Representative:** John Fulton

**Reason for Change:** The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.

**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):** $3,163,083

**Cost Allocation of the Network Upgrade:** Base Plan

**Estimated Cost Source:** SPS

**Date of Estimated Cost:** 11/30/2015

**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

**TWG Representative:** John Fulton

**Reason for Change:** The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.

**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): $3,659,456

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPS

Date of Estimated Cost: 11/30/2015

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

Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.

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): $2,667,006

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPS

Date of Estimated Cost: 11/30/2015

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

Reason for Change: The CPE(s) for this project was determined to meet the requirements of Condition No. 1 of NTC-C No. 200324. Therefore, the conditions of the project are removed.

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): $4,430,052

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPS

Date of Estimated Cost: 11/30/2015

Withdrawal of Upgrades

Previous NTC Number: 200324
Previous NTC Issue Date: 2/18/2015
Project ID: 30914
Project Name: Multi - Road Runner 115 kV Loop Rebuild

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.
Reason for Change: SPP determined the Network Upgrade was no longer required in the 2016 ITP Near-Term Assessment.

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.
Reason for Change: SPP determined the Network Upgrade was no longer required in the 2016 ITP Near-Term Assessment.

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.
Reason for Change: SPP determined the Network Upgrade was no longer required in the 2016 ITP Near-Term Assessment.

Withdrawal of Network Upgrade
For the Network Upgrades identified as being withdrawn, this letter is the formal notification to
stop any further work on the Network Upgrade(s), collect any cost associated with the Network Upgrade(s), and provide this information to SPP.

Commitment to Construct
Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this NTC. 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.

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 Board meetings. However, SPS shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don’t hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

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

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