SPP-NTC-200386

SPP
Notification to Construct

May 17, 2016

Mr. Shawn Robinson
American Electric Power
212 E. 6th St.
Tulsa, OK 74119

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Mr. Robinson,

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 American Electric Power ("AEP"), as agent for Public Service Company of Oklahoma, Southwestern Electric Power Company, and AEP Oklahoma Transmission Company, as the Designated Transmission Owner, to construct the Network Upgrade(s).

On April 26, 2016, the SPP Board of Directors approved the Network Upgrade(s) listed below to be constructed as a part of the 2016 Integrated Transmission Planning Near-Term Assessment ("ITPNT").

New Network Upgrades

Project ID: 30997
Project Name: Device - Sayre 138 kV Cap Bank
Need Date for Project: 6/1/2017
Estimated Cost for Project: $758,441

Network Upgrade ID: 51433
Network Upgrade Name: Sayre 138 kV Cap Bank
Network Upgrade Description: Install new 14.4-MVAR capacitor bank at Sayre 138 kV.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Regional reliability

Network Upgrade Specification: Install new 14.4-MVAR capacitor bank at Sayre 138 kV.
Network Upgrade Justification: Upgrade identified in the Needs Assessment of the 2016 ITPNT as needed for regional reliability.
Estimated Cost for Network Upgrade (current day dollars): $758,441
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP
Date of Estimated Cost: 2/10/2016

Project ID: 31003
Project Name: Sub - Northeastern Station 138 kV Terminal Upgrades
Need Date for Project: 6/1/2017
Estimated Cost for Project: $518,011

Network Upgrade ID: 51446
Network Upgrade Name: Northeastern Station 138 kV Terminal Upgrades
Network Upgrade Description: Install terminal upgrades at Northeastern station 138 kV substation on terminal for 138 kV line to Oolagah.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 216 MVA.
Network Upgrade Justification: Upgrade identified in the Needs Assessment of the 2016 ITPNT as needed for regional reliability.
Estimated Cost for Network Upgrade (current day dollars): $518,011
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP
Date of Estimated Cost: 2/10/2016

Project ID: 31005
Project Name: Sub - Elk City 138 kV Move Load
Need Date for Project: 6/1/2017
Estimated Cost for Project: $2,904,911

Network Upgrade ID: 51448
Network Upgrade Name: Elk City 138 kV Move Load
Network Upgrade Description: Move load from 69 kV bus to 138 kV bus at Elk City.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee

Categorization: Regional reliability
Network Upgrade Specification: Move load from 69 kV bus to 138 kV bus at Elk City.
Network Upgrade Justification: Upgrade identified in the Needs Assessment of the 2016 ITPNT as needed for regional reliability.
Estimated Cost for Network Upgrade (current day dollars): $2,904,911
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP
Date of Estimated Cost: 2/12/2016

Project ID: 31049
Project Name: Device - Cedar Grove - Linwood 138 kV Reactor
Need Date for Project: 6/1/2020
Estimated Cost for Project: $3,534,979

Network Upgrade ID: 51542
Network Upgrade Name: Cedar Grove - Linwood 138 kV Reactor
Network Upgrade Description: Install new 1% series line reactor on the 138 kV line from Cedar Grove to Linwood.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: Install new 1% series line reactor on the 138 kV line from Cedar Grove to Linwood.
Network Upgrade Justification: Upgrade identified in the Needs Assessment of the 2016 ITPNT as needed for regional reliability.
Estimated Cost for Network Upgrade (current day dollars): $3,534,979
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: AEP
Date of Estimated Cost: 3/14/2016

Project ID: 31057
Project Name: Line - Atoka - Atoka Pump - Pittsburg - Savanna - Army Ammo - McAlester City 69 kV Ckt 1 Rebuild
Need Date for Project: 6/1/2017
Estimated Cost for Project: $35,094,899

Network Upgrade ID: 51558
Network Upgrade Name: Army Ammo - McAlester 69 kV Ckt 1 Rebuild
Network Upgrade Description: Rebuild 9.9-mile 69 kV line from Army Ammo to McAlester.
Network Upgrade Owner: AEP

MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Zonal Reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 69 MVA.
Network Upgrade Justification: Identified as needed for reliability for local planning criteria needs in the 2016 ITPNT.
Estimated Cost for Network Upgrade (current day dollars): $7,458,042
Cost Allocation of the Network Upgrade: Zonal
Estimated Cost Source: SPP
Date of Estimated Cost: 2/1/2016

Network Upgrade ID: 51559
Network Upgrade Name: Army Ammo - Savanna - Pittsburg 69 kV Ckt 1 Rebuild
Network Upgrade Description: Rebuild 9.6-mile 69 kV line from Army Ammo to Savanna to Pittsburg.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Zonal Reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 86 MVA.
Network Upgrade Justification: Identified as needed for reliability for local planning criteria needs in the 2016 ITPNT.
Estimated Cost for Network Upgrade (current day dollars): $7,232,496
Cost Allocation of the Network Upgrade: Zonal
Estimated Cost Source: SPP
Date of Estimated Cost: 2/1/2016

Network Upgrade ID: 51560
Network Upgrade Name: Atoka - Atoka Pump - Pittsburg 69 kV Ckt 1 Rebuild
Network Upgrade Description: Rebuild 27.1-mile 69 kV line from Atoka to Atoka Pump to Pittsburg.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Zonal Reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 53 MVA.
Network Upgrade Justification: Identified as needed for reliability for local planning criteria needs in the 2016 ITPNT.

Estimated Cost for Network Upgrade (current day dollars): $20,404,361
Cost Allocation of the Network Upgrade: Zonal
Estimated Cost Source: SPP
Date of Estimated Cost: 2/1/2016

Project ID: 31058
Project Name: Line - Fort Towson - Kiamichi Pump Tap - Valliant 69 kV Ckt 1 Rebuild
Need Date for Project: 6/1/2018
Estimated Cost for Project: $12,450,118

Network Upgrade ID: 51561
Network Upgrade Name: Fort Towson - Kiamichi Pump Tap 69 kV Ckt 1 Rebuild
Network Upgrade Description: Rebuild 9.0-mile 69 kV line from Fort Towson to Kiamichi Pump Tap.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 115 MVA.
Network Upgrade Justification: Upgrade identified in the Needs Assessment of the 2016 ITPNT as needed for regional reliability.
Estimated Cost for Network Upgrade (current day dollars): $8,119,642
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: SPP
Date of Estimated Cost: 2/1/2016

Network Upgrade ID: 51562
Network Upgrade Name: Kiamichi Pump Tap - Valliant 69 kV Ckt 1 Rebuild
Network Upgrade Description: Rebuild 4.8-mile portion of 69 kV line from Kiamichi Pump Tap to Valliant.
Network Upgrade Owner: AEP
MOPC Representative(s): Paul Johnson, Richard Ross, Brian Johnson
TWG Representative: Matthew McGee
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 54 MVA.
Network Upgrade Justification: Upgrade identified in the Needs Assessment of the 2016 ITPNT as needed for regional reliability.
Estimated Cost for Network Upgrade (current day dollars): $4,330,476
Cost Allocation of the Network Upgrade: Base Plan

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Estimated Cost Source: SPP
Date of Estimated Cost: 2/1/2016

Withdrawal of Upgrades

Previous NTC Number: 200314
Previous NTC Issue Date: 2/18/2015
Project ID: 30889
Project Name: Line - Linwood - South Shreveport 138kV Ckt 1 Rebuild

Network Upgrade ID: 51207
Network Upgrade Name: Linwood - South Shreveport 138 kV Ckt 1 Rebuild
Network Upgrade Description: Rebuild the 2.4-mile 138kV line from Linwood to Cedar Grove to South Shreveport. Upgrade the jumpers at Linwood.
Reason for Change: SPP determined the Network Upgrade was no longer required in the 2016 ITPNT.

Withdrawal of Network Upgrade

This letter is the formal notification to stop any further work on this Network Upgrade(s), collect any cost associated with the Network Upgrade(s), and provide this information to SPP.

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 and an updated ±20% cost estimate, NTC Project Estimate, in the Standardized Cost Estimate Reporting Template 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.

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.

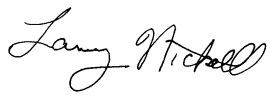
Notification of Progress

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

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

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

Sincerely,



Lanny Nickell
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cc: Carl Monroe - SPP
Antoine Lucas - SPP
Bob Bradish - AEP
Paul Johnson - AEP
Richard Ross - AEP
Brian Johnson - AEP
Scott Rainbolt - AEP
Matt McGee - AEP