

SPP-NTC-200387

**SPP
Notification to Construct**

May 17, 2016

Mr. Mike Risan
Basin Electric Power Cooperative
1717 E. Interstate Ave.
Bismark, ND 58503

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Mr. Risan,

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 Basin Electric Power Cooperative ("BEPC"), as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is conditioned upon BEPC not ordering materials or beginning construction until:

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

On 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: 31031

Project Name: Multi - Kummer Ridge - Roundup 115 kV New Line and Patent Gate and Roundup 345/115 kV Substations

Need Date for Project: 6/1/2017

Estimated Cost for Project: \$123,391,600

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Network Upgrade ID: 51501

Network Upgrade Name: Kummer Ridge - Roundup 115 kV Ckt 1 New Line

Network Upgrade Description: Construct new 115 kV line from Kummer Ridge to Roundup.

Network Upgrade Owner: BEPC

MOPC Representative(s): David Raatz

TWG Representative: Matthew Stoltz

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 240 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): \$49,589,600

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: BEPC

Date of Estimated Cost: 3/15/2016

Network Upgrade ID: 51503

Network Upgrade Name: Roundup 345/115 kV Transformer

Network Upgrade Description: Install new 345/115 kV transformer at Roundup.

Network Upgrade Owner: BEPC

MOPC Representative(s): David Raatz

TWG Representative: Matthew Stoltz

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 415 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): \$6,662,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: BEPC

Date of Estimated Cost: 3/18/2016

Network Upgrade ID: 51504

Network Upgrade Name: Patent Gate 345/115 kV Transformer

Network Upgrade Description: Install new 345/115 kV transformer at Patent Gate.

Network Upgrade Owner: BEPC

MOPC Representative(s): David Raatz

TWG Representative: Matthew Stoltz

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an

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emergency rating of 415 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): \$6,122,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: BEPC

Date of Estimated Cost: 3/18/2016

Network Upgrade ID: 51543

Network Upgrade Name: Patent Gate 345 kV Substation

Network Upgrade Description: Tap the 345 kV line from Charlie Creek to Jusdon to construct the new Patent Gate substation. Install any necessary 345 kV terminal upgrades needed for new 345/115 kV transformer at the new Patent Gate substation.

Network Upgrade Owner: BEPC

MOPC Representative(s): David Raatz

TWG Representative: Matthew Stoltz

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 956 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): \$30,000,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: BEPC

Date of Estimated Cost: 3/18/2016

Network Upgrade ID: 51544

Network Upgrade Name: Roundup 345 kV Substation

Network Upgrade Description: Tap the 345 kV line from Antelope Valley Station to Charlie Creek to construct the new Roundup substation. Install any necessary 345 kV terminal upgrades needed for new 345/115 kV transformer at the new Roundup substation.

Network Upgrade Owner: BEPC

MOPC Representative(s): David Raatz

TWG Representative: Matthew Stoltz

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 956 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): \$27,100,000

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Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: BEPC
Date of Estimated Cost: 3/18/2016

Network Upgrade ID: 51546
Network Upgrade Name: Kummer Ridge 115 kV Substation
Network Upgrade Description: Tap the 115 kV line from Galaxy Tap Station to Fancy B Substation to construct the new Kummer Ridge substation.
Network Upgrade Owner: BEPC
MOPC Representative(s): David Raatz
TWG Representative: Matthew Stoltz
Categorization: Regional reliability
Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 120 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): \$3,918,000
Cost Allocation of the Network Upgrade: Base Plan
Estimated Cost Source: BEPC
Date of Estimated Cost: 3/17/2016

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 a CPE by November 30, 2016, as described in SPP's Business Practice No. 7060 regarding Notification to Construct with Conditions. BEPC shall advise SPP of any inability to provide the CPE by November 30, 2016, 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

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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 BEPC's part to complete the approved Network Upgrade(s). For project tracking, SPP requires BEPC to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, BEPC 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,

A handwritten signature in black ink that reads "Lanny Nickell".

Lanny Nickell

Vice President, Engineering

Phone: (501) 614-3232 • Fax: (501) 482-2022 • lnickell@spp.org

cc: Carl Monroe - SPP
Antoine Lucas - SPP
Matthew Stoltz - BEPC