

SPP-NTC-200391

**SPP
Notification to Construct**

May 17, 2016

Mr. Travis Hyde
Oklahoma Gas and Electric Co.
P.O. Box 321, M/C M110
Oklahoma City, OK 73101-0321

RE: Notification to Construct Approved Reliability Network Upgrades

Dear Mr. Hyde,

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 Oklahoma Gas and Electric Co. ("OGE"), as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is conditioned upon OGE 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: 31042

Project Name: Multi - DeGrasse - Knob Hill 138 kV New Line and DeGrasse 345/138 kV Transformer

Need Date for Project: 6/1/2017

Estimated Cost for Project: \$30,500,000 (this project cost contains Network Upgrades not included in this NTC)

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Network Upgrade ID: 51528

Network Upgrade Name: DeGrasse 345 kV Substation

Network Upgrade Description: Tap the double-circuit 345 kV line from Woodward to Thistle to construct the new DeGrasse substation. Install any 345 kV needed for new 345/138 kV transformer.

Network Upgrade Owner: OGE

MOPC Representative(s): Jacob Langthorn, IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1793 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): \$15,000,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Date of Estimated Cost: 3/15/2016

Network Upgrade ID: 51529

Network Upgrade Name: DeGrasse 345/138 kV Transformer

Network Upgrade Description: Install new 345/138 kV transformer at the new DeGrasse substation.

Network Upgrade Owner: OGE

MOPC Representative(s): Jacob Langthorn, IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 493 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): \$6,000,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Date of Estimated Cost: 3/15/2016

Network Upgrade ID: 51530

Network Upgrade Name: DeGrasse - Knob Hill 138 kV New Line

Network Upgrade Description: Construct new 138 kV line from the new DeGrasse substation to Knob Hill.

Network Upgrade Owner: OGE

MOPC Representative(s): Jacob Langthorn, IV

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TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 287 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): \$8,300,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: OGE

Date of Estimated Cost: 3/15/2016

Network Upgrade ID: 51569

Network Upgrade Name: DeGrasse 138 kV Substation (OGE)

Network Upgrade Description: Tap the existing 138 kV line from Mooreland to Rose Valley and terminate both end points into the new DeGrasse substation. OGE and Western Farmers Electric Cooperative shall decide who shall build how much of these Network Upgrades and shall provide such information, along with specific cost estimates for each DTO's portion of the Network Upgrades, to SPP in its response to this NTC.

Network Upgrade Owner: OGE

MOPC Representative(s): Jacob Langthorn, IV

TWG Representative: Travis Hyde

Categorization: Regional reliability

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 228 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): \$0

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: WFEC

Date of Estimated Cost: 3/3/2016

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

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Please provide SPP a CPE by November 30, 2016, as described in SPP's Business Practice No. 7060 regarding Notification to Construct with Conditions. OGE 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 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

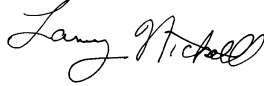
On an ongoing basis, please keep SPP advised of any inability on OGE's part to complete the approved Network Upgrade(s). For project tracking, SPP requires OGE to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, OGE shall also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

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Sincerely,



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

cc: Carl Monroe - SPP
Antoine Lucas - SPP
Jacob Langthorn, IV - OGE