IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN ELECTRIC POWER COMPANY FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED FOR THE CONSTRUCTION, OWNERSHIP, OPERATION AND MAINTENANCE OF THE PROPOSED FLINT CREEK TO SHIPE ROAD PROJECT AND ASSOCIATED FACILITIES TO BE LOCATED IN BENTON COUNTY, ARKANSAS

DOCKET NO. 10-074-U ORDER NO. 6

ORDER

On August 16, 2010, Southwestern Electric Power Company ("SWEPCO" or the "Company") filed an application for a Certificate of Environmental Compatibility and Public Need ("CECPN") for authorization to construct, operate and maintain several related transmission projects in Benton County, Arkansas (hereinafter referred to as the "Proposed Electrical Facilities"). The Proposed Electrical Facilities will consist of (1) a new 345 kV transmission line, approximately 14 miles long, from Flint Creek Station to the proposed Shipe Road Station; (2) a new 345/161 kV station on SWEPCO owned property on Shipe Road; (3) a new 161 kV transmission line, approximately 3.3 miles long, from the Shipe Road Station to tie into the existing Flint Creek to East Centerton 161 kV transmission line and connecting to the existing Centerton Station; (4) rebuild and reconductor the existing East Centerton to Centerton 69 kV transmission line to operate at 161 kV; (5) construct a switching station along the right-of-way of the rebuilt 161 kV transmission line to be called the Greenhouse Road Switching Station; and, (6) the expansion of the Centerton Station to convert its operation from 69 kV to 161 kV, in Benton County, Arkansas, as more fully described in the application. In addition, SWEPCO requested a grant of a 600-foot variance zone on either side of the center line of the proposed route to avoid any construction obstacle and to address legitimate concerns.
and objections of property owners whose lands will be traversed, providing any adjustment will not impact any other property owner, will not have any adverse environmental impacts and the cost of such adjustment is reasonable.

This application has been filed pursuant to Act 164 of 1973, as amended, codified as Ark. Code Ann. § 23-18-501 et seq., known as the Utility Facility Environmental and Economic Protection Act, and Sections 7 of the Arkansas Public Service Commission's ("Commission") Rules of Practice and Procedure ("RPP").

The Southwest Power Pool ("SPP") petitioned to intervene in this docket on August 18, 2010, alleging it is a certificated electric public utility authorized to assert functional control over the electric transmission facilities operated by its member companies, including SWEPCO, pursuant to Order No. 6 in Docket No. 04-137-U. On September 9, 2010, Darren L. Horton and Karen A. Horton (the "Hortons") filed a petition to intervene, alleging they own a contiguous 200-acre tract of land that would be traversed by SWEPCO's preferred route for the proposed 345 kV transmission line planned to originate at the Flint Creek Station and terminate at a station to be built on Shippe Road. Neither SWEPCO nor the General Staff of the Commission ("Staff") objected to either petition to intervene. Consequently, both SPP and the Hortons were granted intervention by Order Nos. 2 and 4 of this docket, respectively.

A hearing was commenced in this matter by the undersigned Administrative Law Judge on February 8, 2011, in Little Rock, Arkansas, pursuant to delegation by the Commission. No one appeared at that time to make oral public comment. After appearances were made by counsel for the parties, the hearing was recessed until

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1 While taken separately, all of the individual projects proposed in this application do not rise to the level of being a "Major Utility Facility", as defined by Ark. Code Ann. § 23-18-503(5), considered as a whole they appear to fall within the definition of the statute given the facts of this case.
February 17, 2011. Upon calling the hearing to order on February 17, 2011, brief opening statements were made by counsel for SWEPCO, the SPP, the Hortons and Staff. An opportunity was again given to hear oral public comments. Again, no one appeared to make oral public comment.

Approximately twenty individuals, either owning property that would be traversed by the preferred or alternate routes of one of the proposed transmission facilities, or living on or owning property in close proximity to one of these routes, submitted written public comments which have been made a part of the record of this proceeding, either by being included in the hearing transcript or by being on file in the Office of the Secretary of the Commission, or both. Most of the public comments opposed the location of one of the proposed transmission lines on the basis that the facilities would adversely impact the economic value and the use and enjoyment of their respective property, present health concerns or for aesthetic reasons. All of the public comment objections to the proposed transmission facilities go to the proposed location of the line as distinguished from the question of whether such facilities are needed.

In addition to its application and the exhibits thereto, including the statutorily required environmental impact statement ("EIS"), SWEPCO presented the testimony of four witnesses in support of its request for a CECPN. These witnesses were: Joseph Paul Hassink, Manager of West Transmission Planning for AEPSC; Stephen G. Thornhill, Associate Project Manager employed by Burns & McDonnell Engineering Company in Kansas City, Missouri; Jennifer L. Jackson, a Regulatory Consultant in Regulated Pricing and Analysis for AEPSC; and Ashley N. Beasley, Jr., Project Manager in the Transmission Project Management Department for American Electric Power Service
Corporation ("AEPSC").

In his testimony, SWEPCO witness Hassink addressed the need, timing and benefits of the Proposed Electrical Facilities. He testified the load center of the SWEPCO system in Northwest Arkansas is the Fayetteville, Springdale, Rogers and Bentonville area in Benton and Washington Counties. He stated this load is approximately 1253 MW and is served using primarily two power plants—the Flint Creek 528 MW coal-fired facility and the Harry D. Mattison 346 MW gas-fired facility. According to Mr. Hassink, the proposed transmission projects associated with this application are intended to bring additional bulk power into the region to serve load, to relieve loading on the existing 161 kV lines supplying the area, and to improve reliability for the 1253 MW of area load. He further stated that, with the exception of the Greenhouse Road Switching Station, these proposed transmission facilities were identified in the "SPP Transmission Expansion Plan (STEP) 2008-2017", which was developed by SPP in 2007. After becoming aware of the upgrades being proposed in the area, the City of Bentonville requested a point of connection on the 161 kV transmission line. The Greenhouse Road Switching Station provides this point of connection. Mr. Hassink stated potential overloads and low voltages on the SWEPCO transmission system have been identified for the Bentonville area beginning in the summer of 2014. The proposed transmission projects included in this application are intended as solutions for potential overloads and as improvements to voltages needed prior to the 2014 summer peak. Mr. Hassink testified SWEPCO considered alternatives to the Proposed Electrical Facilities, but the Proposed Electrical Facilities were the most effective at meeting the need identified and did so in the most economical way. Mr.
Hassink stated the overall benefits of the transmission line and station construction covered by this application strengthened the transmission system in Northwest Arkansas, offering the customers of SWEPCO and AECC a more reliable transmission system by eliminating contingency overloads, and undervoltages, and by complying with NERC Reliability Standards, SPP criteria, and AEP Transmission Planning Reliability Criteria. Additionally, these Proposed Electrical Facilities will provide the first leg of an eventual 345 kV path from Flint Creek Station to Osage Creek Station.

SWEPCO witness Thornhill was employed to conduct a route selection study and to prepare the EIS for the Proposed Electrical Facilities. He stated that, in developing and selecting the proposed route for each of these transmission lines, he considered numerous routing criteria, and he investigated 125 alternative routes for the proposed 345 kV transmission line and 104 alternative routes for the 161 kV transmission line. He explained he used a screening method to narrow the number of routes upon which to focus the evaluation. In addition, he applied a weight factor to each criterion to give greater consideration in the evaluation process to the criteria that had a greater impact on the overall project evaluation. The proposed routes for each of these transmission lines were selected to minimize overall human and natural resources impacts while still providing a cost effective and highly reliable route.

Mr. Thornhill identified Route 5 as the recommended route for the 345 kV line, as it had the fewest residences within 150 feet, lowest visibility rating, least amount of wetlands within the right-of-way, lowest potential to encounter karst features during construction, and the least number of road crossings and heavy angles of all the routes evaluated. He testified Route 5 best minimizes overall impacts to all resources, both
human and natural, and was determined to be sensitive to all evaluation factors.

Mr. Thornhill identified Route 5 as the recommended route for the 161 kV line as it represents the least impacting route. This route has the fewest residences within 500 feet, minimizes residences within view of the line and the number of parcels directly crossed, resulting in minimal landowners being affected. When potential impacts to all environmental criteria are considered, this route minimizes the overall impacts to all such criteria to the extent practicable while still providing for a reliable and cost-effective route.

In regard to the rebuilding of the existing Centerton to East Centerton 69 kV line to be energized as 161 kV, Mr. Thornhill stated only minor adjustments were proposed in the alignment around the stations to accommodate landowner requests, and no changes in the alignment or new right-of-way would be required for the upgrade. The proposed Shipe Road Station, the expansion of the Centerton Station and the Greenhouse Road Switching Station were considered to have minimal environmental impact.

Mr. Thornhill testified SWEPCO is required to obtain a storm water discharge permit. He testified additional permits required to be obtained by SWEPCO for this project include road crossing permits from the Arkansas State Highway and Transportation Department, Benton County; Clean Water Act, Section 404 Nationwide permit from the U.S. Army Corps of Engineers; and potential filings with the FAA should any structures meet criteria on Regulation Part 77, Subpart 77.13. He stated SWEPCO will coordinate with the State Highway and Transportation Department, the FAA, the U.S. Army Corps of Engineers, the Arkansas Department of Environmental
Quality, the Department of Arkansas Heritage—Historic Preservation Program and Benton County as the final design of the project is completed to identify any other permitting concerns needed to be addressed.

Mr. Thornhill concluded by stating that, in his opinion, the construction and operation of the Proposed Electrical Facilities would not result in any serious adverse environmental or social impacts.

SWEPCO witness Jackson performed an analysis of the estimated effects of the construction and operation of the Proposed Electrical Facilities on energy costs to the consumer. In developing her analysis, Ms. Jackson first developed an annual incremental revenue requirement for the Proposed Electrical Facilities. She next allocated the incremental revenue requirement to the Arkansas retail jurisdiction and the retail customer classes using the jurisdictional transmission allocator from Docket No. 09-008-U. She then estimated the approximate revenue credit that would be applied to the Arkansas revenue requirement from third-party customers pursuant to the SPP OATT. She estimated the total Arkansas annual revenue requirement impact for the proposed projects to be $853,676, which amount includes the estimated third-party revenue credits. The estimated total retail cost on a per kWh basis is $0.21 per 1,000 kWh of usage based on the total estimated revenue requirement of $853,676 divided by the total retail kWh sales from Docket No. 09-008-U.

In his testimony, SWEPCO witness Beasley described the general location, design, construction, and health/safety concerns for the Proposed Electrical Facilities, along with the economics of the construction design types, installation costs, the requirement for additional ROW; and the processes for notifying landowners. He
testified the proposed Flint Creek to Shipe Road transmission line will be operated at 345 kV and will span between 13.75 and 14.72 miles, depending on the route approved. The Company proposes to acquire a new 150 foot wide right-of-way for the construction, operation, and maintenance of this line. The structures will be capable of supporting two 346 kV circuit lines; however, the line will be constructed and operated as a single circuit line. Mr. Beasley stated that, while Burns & McDonnell initially identified one-hundred twenty-five (125) possible routes using 38 different line segments, that number was reduced to twelve (12) possible primary alternate routes after a screening analysis. Each of the 12 routes has several segments with some segments being used in more than one route. Route 5 was selected as the preferred route for this line.

Similarly, for the Shipe Road to Centerton 161 kV line, Burns & McDonnell initially identified one-hundred four (104) possible routes, with the number reduced to six (6) possible primary alternate routes after a screening analysis. Route 5 was selected as the preferred route for this line. The proposal to rebuild the 69 kV line and energize it as a 161 kV line will require no additional ROW for the majority of the route. A slight realignment of the current line as it exits the East Centerton Station and enters the Centerton Station is planned in order to accommodate the landowners.

Mr. Beasley next addresses the proposed Shipe Road Station, the Greenhouse Road Switching Station, and the expansion of the Centerton Station. The Shipe Road Station is planned to be located south of Shipe Road on a fifty (50) acre parcel owned by SWEPCO. This proposed station will include a new 675 MVA, 345-161 kV autotransformer. As the construction will take place on property owned by SWEPCO, no new rights of way will be required. The Greenhouse Road Switching Station is
proposed to be located east of Greenhouse Road and south of Highway 102 near Bentonville, Benton County, Arkansas. It will primarily be located within the right of way for the proposed Centerton to East Centerton 161 kV line. However, SWEPCO will purchase in fee the actual station site which will be approximately 140 x 160 feet and a roadway to allow access from Highway 102. Finally, SWEPCO proposes to expand the existing Centerton Station to adjacent property that is owned by SWEPCO. The proposed expansion of the Centerton Station shall be built on approximately 0.5 acre immediately south of the existing Centerton Station. SWEPCO has acquired an additional 2.09 acres to be used for this purpose.

Mr. Beasley testified that these facilities were required in order to meet usage demands in the Northwest Arkansas area and SWEPCO's obligations to the SPP. He further testified that the construction of the 345 kV line, the 161 kV line, the rebuild of the 69 kV line, the Shipe Road Station, the Greenhouse Road Switching Station, and the expansion of the Centerton Station are in the public interest and that the design and siting of the line has been executed with due concern for the public interest and impact.

While the SPP fully participated in the hearing on this matter, it chose not to file testimony on the issues.

The Hortons presented the Direct Testimony of Darren L. Horton who, together with his wife Karen A. Horton, owns property that will be traversed by the proposed route by SWEPCO (Route 5) for its proposed 345 kV transmission line. The Hortons' challenge is directed at the route and it does not address any of the other projects included in this application. Mr. Horton stated he and his wife own 120 acres purchased in 2006 and an additional 80 contiguous acres purchased in 2008. He stated the
property was purchased in order to build three separate homes for him and his wife, for his daughter and her family, and for his son. Additionally, he intended to develop a business known as the Horton Farms at Dry Creek, to be offered as a premier event destination for church events, weddings, receptions, corporate business retreats, etc. The Hortons have already begun the development by clearing the land of over 28,000 trees, roots and stumps; building a bridge and cover for the bridge; a man-made lake; erecting a flag pole; installing a man-made waterfall; building the Sierra Executive Retreat Lodge and Sierra Grand Hall (currently under construction); and installing roads parking lots, street lights, and farm shops. Also, the Hortons have installed underground water pipe for the purpose of having fire hydrants, underground water lines, and, for the most, underground electrical lines. Mr. Horton testified he and his wife have spent approximately $1.4 million on the residential home sites and the roads from Bethlehem Road to the rear of the property where the homes are intended to be built. While construction on the actual structures of the planned three homes has not begun, underground lines have been installed for water (for drinking purposes and fire hydrants), and companies have been employed to develop the home plans, build roads to the homes and to prepare the sites for the homes.

According to Mr. Horton, only Segment 27 used in Route 5 of the proposed route for the 345 kV line crosses the Horton property. He states this Segment will be in the backyard of the site where he and his wife plan to build their home, and it will be visible across the valley from the sites selected to build homes for their son and daughter. He testified he had gone to great lengths, at great personal expense, to develop this property for both business and personal uses, and in his mind one does not go without the other.
He also stated he believed the installation of this line on their property will destroy the aesthetics he has labored to create.

On cross examination by SWEPCO, Mr. Horton stated that, while he continued to request the line be located on Route 3 or Route 7 as opposed to Route 5, should the Commission select Route 5, there are accommodations he would request on the routing of the line across his property. Specifically, he would request the line be moved to follow the southern boundary of his property, then turn north on the eastern boundary of his property, staying within 150 feet of his property line. Further, Mr. Horton agreed that, if SWEPCO would request this variance, he and his wife would agree to donate the right-of-way to accommodate the move, to offset the additional expense it would cost to change the routing of the line and to avoid the expense it would take to condemn the property. All of his testimony regarding these concession was given with the understanding that his first choice continues to be for the Commission to select Route 3 or Route 7 for this line and that the variance would be his second choice.

The Staff presented the testimony of Clark D. Cotten, Staff Senior Electrical Engineer. Mr. Cotten conducted an investigation and review of SWEPCO's application, including a field visit to the site of the Proposed Electrical Facilities, and it is his opinion the proposed construction of the Proposed Electrical Facilities is needed, and the proposed routes for the lines and locations for the stations are reasonable, and the environmental and economic impacts of the facilities are acceptable. Mr. Cotten concluded the Proposed Electrical Facilities are in the public interest, and he recommended a CECPN be granted for their construction, operation, and maintenance. He additionally recommended SWEPCO be directed to comply with Rule 7.01(b) and
Rule 7.01(c) of the RPPs by filing the required completion or delay of construction reports in this docket.

At the conclusion of the hearing, counsel for SWEPCO orally moved to amend his application to request a variance along the route proposed to build the 345 kV line for the property owned by the Hortons sufficient to allow SWEPCO to build the line within 150 feet of the southern and eastern property lines of the Hortons property, as more fully described in the oral testimony of witness Darren L. Horton, with the understanding that such a variance would be accompanied by a grant of an easement by the Hortons at no cost to SWEPCO and its ratepayers. SWEPCO's motion was granted by the undersigned.

It should be noted that correspondence filed in this docket from public officials given notice of the Proposed Electrical Facilities, included copies of letters from the Arkansas Department of Health (ADH), Arkansas Natural Resources Commission (ANRC), and Department of Arkansas Heritage-Historic Preservation (DAH). None of these governmental agencies charged with protecting public health or environmental issue voiced a concern related to the adequacy of the EIS. ANRC stated there appear to be no objections to the Flint Creek to Shipe Road project, but mitigation processes should be adhered to in regard to wetlands and streams. Additionally, ANRC recommended the most current best management practices (BMP) be implemented in the pre-construction phase and maintained post-construction until the site stabilizes. ADH identified potential impacts to both surface water and ground water sources and requested the specifications for long term operation and maintenance BMP implementation within the transmission line ROW in sensitive areas be provided for
review.

In addressing the concerns presented in the testimony of Mr. Darren L. Horton, it appears clear to the undersigned that the Hortons have made a substantial investment to the property in question. Even so, in viewing the alternate routes identified by the Hortons for siting of the Flint Creek to Shipe Road 345 kV line, Routes 3 and 7 would both locate the line within 150 feet of existing residences, whereas Route 5 would not be within 150 feet of any existing residence. Regrettably, changing the route of the line to select either Route 3 or 7 would simply place the burden on other landowners and in the end impact more parcels of land. Instead, the best solution appears to be the variance requested by SWEPCO to follow the southern boundary of the Hortons' property, turning north at the Hortons' eastern boundary, as discussed above. While this is not the Hortons first choice to address their concerns, it is the best solution overall given all the facts as presented.

From the application, as amended, and exhibits thereto, the environmental impact statement (EIS), the testimony, and all other matters of record, I make the following findings of fact and conclusions of law:

1. SWEPCO is a Delaware corporation, duly authorized to do business in the states of Arkansas, Texas, Louisiana and Oklahoma. SWEPCO is a public utility within the meaning of Ark. Code Ann. § 23-1-101 et seq., with its principal place of business at 428 Travis Street, Shreveport, Louisiana. SWEPCO is engaged in the business of generating, transmitting and distributing electrical power and energy in the State of Arkansas at retail and wholesale.

2. The Proposed Electric Facilities that are the subject of this application
constitute a "major utility facility" giving this Commission jurisdiction over SWEPCO's application for a CECPN pursuant to Ark. Code Ann. § 23-18-501 et seq., known as the Utility Facility Environmental and Economic Protection Act, and Rule 7.08 of the Commission's Rules of Practice and Procedure, which govern the authorization and placement of major utility facilities.

3. Petitions for intervention were granted in this proceeding to the Southwest Power Pool and Darren L. Horton and Karen A Horton.

4. All property owners of record whose property will be traversed by these Proposed Electrical Facilities and all statutorily designated individuals, officials, representatives of various governmental or public agencies, as well as public agencies themselves, as specifically set forth in Ark. Code Ann. § 23-18-513, have been duly notified in writing of this application in accordance with the RPPs, or have been sought to be so notified, and proof of such notification has been filed with the Commission in accordance with the statute and RPP 3.03.

5. SWEPCO has certified in writing it has published newspaper notice of this proceeding as required by Ark. Code Ann. § 23-18-513(d)(1) and Rule 7.08 of the Commission's Rules of Practice and Procedure; and SWEPCO has also certified in writing it has made a copy of its application and testimony and exhibits in this proceeding available for public inspection at public libraries in Bella Vista, Bentonville, Gentry, Decatur, Gravette, Rogers, Siloam Springs and Benton County, Arkansas as required by Ark. Code Ann. § 23-18-513(a)(8).

6. No objection to the proposed transmission facilities has been voiced of record by any public official or agency, property owner, or any other person or organization
except as hereinbefore stated.

7. SWEPCO has taken appropriate action in this proceeding to avoid any damage to or disturbance of culturally, archeologically or historically significant sites at the location and along the route of these proposed transmission facilities.

8. SWEPCO is seeking a CECPN to construct and operate the following facilities: (1) a new 345 kV transmission line, approximately 14 miles long, from Flint Creek Station to the proposed Shipe Road Station; (2) a new 345/161 kV station on SWEPCO owned property on Shipe Road; (3) a new 161 kV transmission line, approximately 3.3 miles long, from the Shipe Road Station to tie into the existing Flint Creek to East Centerton 161 kV transmission line and connecting to the existing Centerton Station; (4) rebuild and reconductor the existing East Centerton to Centerton 69 kV transmission line to operate at 161 kV; (5) construct a switching station along the right-of-way of the rebuilt 161 kV transmission line to be called the Greenhouse Road Switching Station; and, (6) expand the Centerton Station to convert its operation from 69 kV to 161 kV, in Benton County, Arkansas.

9. It is determined in this case that SWEPCO should be allowed a variance zone of 600 feet to either side of the center line of the route hereby approved within which to make minor modifications, deviations and adjustments in order to accommodate legitimate concerns and objections of property owners whose lands are being traversed. Such variance zone should allow SWEPCO further to minimize and lessen adverse economic or environmental consequences to residential, agricultural, commercial or industrial uses or planned uses of property in the vicinity of the line. Additionally, a variance as to Segment 27 of Route 5 of the 345 kV line is granted in order to address the concerns discussed in the testimony of Mr. Darren L. Horton.

10. The Proposed Electrical Facilities included in this application are intended as solutions for potential overloads and to mitigate further voltage problems predicted to

11. The location and routing of the Proposed Electrical Facilities, as more particularly described in the application, the exhibits thereto, the EIS, and in the evidence adduced at the hearing, is reasonable and appropriate.

12. The nature of the probable environmental impact of SWEPCO's Proposed Electrical Facilities is described in detail in the EIS and in the testimony of the aforementioned witnesses who gave testimony in this matter. While there will be certain unavoidable consequences from the construction and operation of these facilities, it is determined they represent an acceptable adverse environmental impact, considering the state of available technology, the requirements of law, the present and future need of the end users for the electricity to be transmitted and distributed by these Proposed Electrical Facilities, the nature and economics of the proposed facilities, and the alternatives that were considered. Ark. Code Ann. § 23-18-519(b)(3) and (4).

13. The Proposed Electrical Facilities will have minimal effect upon the natural and human resources of the area.

14. The Proposed Electrical Facilities should have little economic impact upon the local area through impacts upon agriculture or through increased employment. Local landowners whose land is traversed by the proposed routes will experience a one-time, minimal, economic effect from funds received from right-of-way easements or loss or damage to timber or crops within the right-of-way. Ark. Code Ann. §23-18-519(b)(5).

15. The estimated overall cost of these Proposed Electrical Facilities is $44.8 million, the entirety of which will be paid by AEP and will come from long term debt and
internally generated cash. The Greenhouse Road Switching Station is a new delivery point for the City of Bentonville of which 15% of the project cost will be directly assigned to the City of Bentonville through a monthly facilities charge. This method of financing these proposed transmission facilities represents an acceptable economic impact. Ark. Code Ann. § 23-18-519(b)(6).

16. The Proposed Electrical Facilities are not inconsistent with the known plans, that is, those plans which have been filed with the Commission of other electric systems serving the State of Arkansas. Ark. Code Ann. § 23-18-519(b)(7).

17. The locations of these Proposed Electrical Facilities at the sites and along the routes hereby being approved conforms to applicable state, regional and local laws and regulations. Ark Code Ann. § 23-18-519(b)(10).

18. These Proposed Electrical Facilities will be constructed in accordance with the health and safety standards prescribed by Rules 5.01 and 5.02: of the Commission's Special Rules - Electric, which designate the National Electric Safety Code and the National Electrical Code as standards; and the location of these transmission facilities will not constitute an undue safety hazard to persons or property at or along the proposed site or route.

19. Construction for the 345 kV transmission line from Flint Creek to Shipe Road will begin engineering work in April 2011 and actual line construction in October 2012. Construction for the 161 kV transmission line from Shipe Road to East Centerton will begin engineering work in April 2011 and actual line construction in December 2012. Construction of the Shipe Road Station is projected to begin engineering work in April 2011 and station construction in March 2012. Construction of the Greenhouse Road
Switching Station is projected to begin engineering work in April 2011 and station construction in December 2012. Construction of the Centerton Station is projected to begin engineering work in April 2011 and station construction beginning in January 2012.


IT IS, THEREFORE, ORDERED:

(a) SWEPCO is hereby granted a Certificate of Environmental Compatibility and Public Need (CECPN) to construct and operate (1) a new 345 kV transmission line, approximately 14 miles long, from Flint Creek Station to the proposed Shipe Road Station; (2) a new 345/161 kV station on SWEPCO owned property on Shipe Road; (3) a new 161 kV transmission line, approximately 3.3 miles long, from the Shipe Road Station to tie into the existing Flint Creek to East Centerton 161 kV transmission line and connecting to the existing Centerton Station; (4) rebuild and reconductor the existing East Centerton to Centerton 69 kV transmission line to operate at 161 kV; (5) construct a switching station along the right-of-way of the rebuilt 161 kV transmission line to be called the Greenhouse Road Switching Station; and, (6) expand the Centerton Station to convert its operation from 69 kV to 161 kV, in Benton County, Arkansas, as more particularly described in the application, as amended, the exhibits thereto, the EIS, and the evidence adduced at the hearing.

(b) For the reasons hereinbefore discussed in this Order, SWEPCO is hereby granted a variance zone of 600 feet to either side of the center line of the approved routes. This variance zone shall be for the purpose of permitting SWEPCO to accommodate the legitimate concerns and objections of property owners whose lands
are being traversed, provided such deviations or adjustments do not adversely affect other land owners, do not involve significant cost increase, and provided further, such deviations and adjustments will enable SWEPCO to conform the location of the transmission line as closely as possible to existing land use and property lines. Additionally, SWEPCO's application is hereby amended to include a variance as to Segment 27 of Route 5 of the 345 kV line in order to address the concerns discussed in the testimony of Mr. Darren L. Horton.

(c) SWEPCO shall comply with Rule 7.01(b) or Rule 7.01(c) of the Commission's Rules of Practice and Procedure, as the case may be, applicable to proceedings for certificates of public convenience and necessity [Ark. Code Ann. § 23-3-202 et seq.], but by this order made applicable to the CECPN hereby being granted. This construction report shall be filed in the captioned docket.

(c) Nothing in this order shall be construed as a finding of value for ratemaking purposes.

(d) The Commission retains jurisdiction of this matter for such further proceedings or orders as may be necessary or appropriate.

BY ORDER OF THE ADMINISTRATIVE LAW JUDGE PURSUANT TO DELEGATION.

This 24th day of April, 2011.

[Signature]
Connie C. Griffin
Administrative Law Judge
I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

___ U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or

✓ Electronic mail using the email address of each party as indicated in the official docket file.

Dan Sanders
Secretary of the Commission