

BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION

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) DOCKET NO: 13-041-U
OF THE PROPOSED 345 KV TRANSMISSION LINE)
BETWEEN THE SHIPE ROAD STATION AND)
THE PROPOSED KINGS RIVER STATION AND)
ASSOCIATED FACILITIES TO BE LOCATED IN)
BENTON, CARROLL AND/OR MADISON AND)
WASHINGTON COUNTIES, ARKANSAS)

NOTICE OF WITHDRAWAL OF APPLICATION FOR CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED

COMES now Southwestern Electric Power Company (hereinafter “SWEPCO” or the “Company”), and for its Notice of Withdrawal of its Application for a Certificate of Environmental Compatibility and Public Need (“CECPN”) states:

1. On April 3, 2013, SWEPCO filed with the Arkansas Public Service Commission (“Commission”) its Application for a CECPN to construct a new 345 kV transmission line from SWEPCO's Shipe Road station near Centerton, Benton County, Arkansas to a proposed Kings River station northwest of Berryville in Carroll County Arkansas and for the new Kings River Station (“Facilities”). The application was predicated upon a Notification to Construct (“NTC”) dated February 13, 2008 from SWEPCO’s Regional Transmission Organization, Southwest Power Pool (SPP). The NTC required the Facilities to be in service by June 2016.

2. On December 29, 2014, SWEPCO received a notification letter from SPP stating that updated electric load forecasts showing lower future electric demand in North Arkansas than prior forecasts for the area critical to the Facilities, and the recent cancellation of several large,

long-term transmission service reservations, establish that the Facilities are no longer needed to meet the reliability needs in the region. The notification letter further indicates that SPP is initiating the process to withdraw the NTC, which it expects to be finalized in January 2015. The notification letter from SPP is attached hereto and marked exhibit "A".

3. Because of SPP's determination that the Facilities are no longer needed, and its decision to initiate the process of withdrawing its NTC, SWEPCO no longer seeks the relief requested and hereby withdraws its Application for a Certificate of Environmental Compatibility and Public Need in order that this docket may be closed forthwith.

Respectfully submitted,

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By: /s/ David R. Matthews
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Attorneys for Southwestern Electric Power
Company

CERTIFICATE OF SERVICE

I, David R. Matthews, attorney for SWEPCO, state that I have on this 30th day of December, 2014, provided a true and correct copy of the above and foregoing instrument to all parties of record electronically, by first class mail or both.

/s/ David R. Matthews
David R. Matthews



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TO KEEP THE LIGHTS ON... TODAY AND IN THE FUTURE

December 29, 2014

VIA ELECTRONIC MAIL

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

RE: 345 kV Transmission Line from Kings River to Shipe Road

Dear Mr. Robinson:

On June 9, 2014, the Arkansas Public Service Commission (APSC) issued Order No. 36 in Docket No. 13-041-U, which granted rehearing on Southwestern Electric Power Company's (SWEPCO) Application to construct a 345 kV transmission line from Kings River to Shipe Road (Project) and the APSC ordered a comprehensive reevaluation of the Project.

As a result of Order No. 36, SPP performed a comprehensive reevaluation and has determined that the Project is no longer needed based on current system projections. Consequently, SPP will begin the process to withdraw the Notification to Construct (NTC) that directed SWEPCO to construct the Project. Because of the pending docket at the APSC, SPP thought it prudent to promptly notify SWEPCO of the results of the reevaluation. SPP will provide a notification to SWEPCO upon the withdrawal of NTC, consistent with SPP's procedure for withdrawing NTCs.

SPP's comprehensive reevaluation showed that reliability needs in northern Arkansas have significantly decreased compared to previous studies of area needs. From these findings, we conclude that the Project is no longer necessary to meet currently projected needs in the area. Although there are several contributing factors resulting in the reduced need for the Project, it appears that there are two primary factors impacting the change. These factors consist of a significant decrease in load growth projections in north Arkansas and recently terminated long-term transmission service transactions in the area. A summary of these two factors are:

Decrease in Load: Load forecasts are a major driver for determining the needs of the bulk electric system and the transmission projects needed to maintain reliability. Load forecasts used by SPP in its planning models are provided by its members and neighboring utilities.

When conducting the comprehensive reevaluation of the Project, SPP used the updated load forecasts provided to SPP in the latest set of available transmission planning models. These forecasts showed a significant decrease in the load forecasted in the affected area compared to the 2007 Ozark Study, the 2007 SPP Transmission Expansion Plan, and the 2013



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high-level evaluation conducted by SPP which continued to show a need for the Project.

The forecast reduction included an almost 50% decrease in load growth rates in an area identified as having the highest impact on the need for the Project, compared to the load forecasts provided to SPP that were utilized in the 2013 high-level evaluation. SPP validated the decrease in load forecasts by reviewing more detailed information with responsible load-serving utilities in and around North Arkansas.

Cancellation of Transmission Service Reservations: SPP is obligated to plan the transmission system to reliably accommodate existing long-term transmission service reservations. These transmission service commitments can impact the need for transmission facilities. The results of the comprehensive reevaluation of the Project include an example of such an impact.

Recently, there has been a cancellation of several large, long-term transmission service reservations. This resulted in the removal from SPP's models of 665 MW of transmission service that previously contributed to the need for the Project. These cancellations would not have been reflected in the models used in the 2013 high-level evaluation. While not the primary factor, when combined with the decrease in load, the cancellation of these transmission service reservations has a cumulative effect that further reduces reliability needs in the area.

Based upon the result of the comprehensive reevaluation, SPP is initiating the process to withdraw the NTC which we expect to be finalized in January. As stated above, SPP will formally notify SWEPCO upon the withdrawal of NTC for the Project, consistent with SPP's standard procedure for withdrawing NTCs.

Finally, pursuant to the SPP tariff as approved by the Federal Energy Regulatory Commission, SPP will rely on its currently prescribed planning processes to continue to monitor SPP Regional needs, including those in northern Arkansas.

Sincerely,

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

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

CC: David Matthews, Counsel for SWEPCO