HANUKKAH EVE WINDSTORM

DECEMBER 2006

2011 UPDATE ON KEMA RECOMMENDATIONS

Dated 8/31/2011

PUGET SOUND ENERGY

The Energy To Do Great Things

HANUKKAH EVE WINDSTORM DECEMBER 2006

2011 UPDATE ON KEMA RECOMMENDATIONS

Dated 8/31/2011

TABLE OF CONTENTS

INTRODUCTION

On November 29, 2007 Puget Sound Energy (PSE) provided to the Washington Utilities and Transportation Commission (UTC) a summary of the KEMA recommendations and subsequent actions taken by PSE. An update to the KEMA Recommendations Matrix was provided as part of a General Rate Case (GRC), Docket numbers UE-072300 and UG-072301, in response to Data Request #54 from the UTC Staff.

Pursuant to paragraph 9 of the Multiparty Settlement re: Emergency Response and Storm Preparedness in Docket Nos UE-072300 and UG-72301, PSE provided its annual report dated August 31, 2010, which addressed PSE's progress in implementing and/or further considering KEMA and supplemental recommendations identified in the after action review of the December 2006 Hanukkah Eve Windstorm.

This Annual Report provides a summary of actions taken by PSE on the KEMA recommendations since the August 31, 2010 annual report.

As noted in this update, PSE has accepted and implemented most of these recommendations and they are now integrated into PSE's emergency preparedness processes. PSE continues to refine these processes as a result of post-event and annual reviews.

The following matrix has been updated for this year's annual report to reflect the status of KEMA's recommendations as of August 31, 2011. Pursuant to the Emergency Restoration - Information Systems and Processes, PSE continues its work to implement an Outage Management System (OMS). The related business process flows and systems to close functionality gaps will be addressed as part of the implementation of PSE's OMS.

PSE will continue to report in 2012 on the progress for 10.4.1 (establish enterprise-level technology, data, and integration architecture for outage management related processes (OMS)), and 14.4.2 (aggressively develop and maintain cross-country transmission access roads).

2011 KEMA RECOMMENDATIONS MATRIX

REC #	Recommendation Title	8/31/2011 Update
4.4	**EMERGENCY RESTORATION - ANNUAL PLANNING RECOMMENDATIONS**	
4.4.1	Expand the company emergency response capability through enhanced personnel utilization.	**C**
5.4	**EMERGENCY RESTORATION - IMMINENT EVENT PLAN RECOMMENDATIONS**	
5.4.1	Develop a storm categorization methodology and tailor aspects of the CERP to various levels of storms.	**C**
6.4	**EMERGENCY RESTORATION - EVENT ASSESSMENT RECOMMENDATIONS**	
6.4.1	Enhance the damage assessment capability and process to provide better and faster estimates of restoration times and resource requirements.	**C**
7.4	**EMERGENCY RESTORATION - EXECUTION RECOMMENDATIONS**	
7.4.1	Institute consistent accountability for executing the storm plan.	**C**
7.4.2	Formalize local area coordination and transmission restoration priority activities.	**C**
8.4	**EMERGENCY RESTORATION - EXTERNAL COMMUNICATIONS RECOMMENDATIONS**	
8.4.1	Create an integrated corporate and local communication strategy that is scalable to storm severity.	**C**
9.4	**EMERGENCY RESTORATION - CUSTOMER SERVICE RECOMMENDATIONS**	
9.4.1	Formalize a customer-escalated call process.	**C**
9.4.2	Use local carrier phone network in front of CLX/IVRU to enhance call-taking capacity and capabilities.	**C**
10.4	**EMERGENCY RESTORATION - INFORMATION SYSTEMS AND PROCESS RECOMMENDATIONS**	
10.4.1	Establish enterprise-level technology, data, and integration architecture for outage management related processes.	
10.4.2	Develop end-to-end information and business process flows for outage management and emergency restoration processes.	
10.4.3	Enhance existing technology and systems to close functionality gaps with the strategy of migrating them toward the final architecture.	**Part of 10.4.2**
10.4.4	Deploy new systems to close the functionality gaps and build out the outage management architecture.	**C**
10.4.5	Develop a phased implementation plan for outage management related information system and processes.	**C**
11.4	**SUPPORT SERVICES RECOMMENDATIONS**	
11.4.1	Refine the Emergency/Storm Event Response Services Contract (ESERSC) to add the planning, training, communication, and evaluation roles necessary to plan for and implement major restoration efforts.	**C**
12.4	**MATERIALS MANAGEMENT AND LOGISTICS RECOMMENDATIONS**	
12.4.1	Enhance logistics to better support the number of crews supporting the restoration.	**C**
12.4.2	Document material management policies and processes created to support storm levels.	**C**
13.4	**POST-EVENT REVIEW RECOMMENDATIONS**	
13.4.1	Ensure the existing post-storm actions and recommendations are consistent with the leading practice model presented in this report.	**C**
14.4	**INFRASTRUCTURE CONDITIONS RECOMMENDATIONS**	
14.4.1	Enhance PSE's transmission vegetation management policy and standards for ROW width.	**C**
14.4.2	Aggressively develop and maintain cross-country transmission access roads.	
14.4.3	Evaluate hardening opportunities for both transmission and distribution.	**C**

Update provided in 8/31/2011 report

C *Completed*

10.4 Emergency Restoration—Information Systems and Process Recommendations

10.4.1 Establish enterprise-level technology, data, and integration architecture for outage management related processes.

PSE Actions:

Upon PSE's acceptance of the KEMA recommendations and completing the tasks described in the 2010 Annual Report to the WUTC, PSE continues with its process to establish an enterprise-level outage management system (OMS).

In late 2010 and early 2011, PSE completed the extensive OMS vendor review process and selected GE Energy Implementation Services for providing the technical software solution (GE Smallworld) and PA Consulting Group for performing the planning phase, system integration and new system training.

In order to fully implement and integrate the OMS, PSE is also implementing a Geospatial Information System (GIS), which provides the land base mapping and infrastructure mapping required to provide the OMS electrical connectivity and functionality.

Upon completion of the detailed planning phase, the official project kick-off meeting within PSE was conducted on August 1, 2011.

10.4.2 Develop end-to-end information and business process flows for outage management and emergency restoration processes.

PSE Actions:

The PSE/PA Consulting Team is in the data acquisition and migration, and OMS configuration and interface development phase of the project. In addition PSE is developing the physical and cyber security setup and procedures, quality assurance and training requirements.

By the end of 2011, PSE anticipates that it will be reviewing data gaps, developing training materials, performing data clean-up, implementing an Electric Office (EO) go-live, and starting OMS integration and stress testing of the electric infrastructure migrated to date.

Data acquisition and migration, quality assurance, integration and stress testing, and pre-go-live training will continue into mid-2012 in anticipation of the OMS go-live by October 2012.

14.4 Infrastructure Conditions Recommendations

14.4.2 Aggressively develop and maintain cross-country transmission access roads.

PSE Actions:

PSE has collected cross country rights-of-way access data, and it has been determined that the GIS platform will be the appropriate tool for this information. As that system is developed, this information will be incorporated (considering security requirements) and can be used in an emergency to assist patrols and repair crews who need to access cross country rights-of-way.

PSE continues to fund and make improvements to access points and corridors as they are identified.