FERC ELECTRIC TARIFF NINTH REVISED VOLUME NO. 7 OF PUGET SOUND ENERGY, INC.

filed with the

FEDERAL ENERGY REGULATORY COMMISSION

OPEN ACCESS TRANSMISSION TARIFF

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ATTACHMENT K TRANSMISSION PLANNING PROCESS

PART V. PSE PLAN

1. Development and Update of PSE Plan

Transmission Provider will pursuant to this Attachment K develop and update annually a ten year plan for Transmission Provider's Transmission System ("<u>PSE Plan</u>"). The PSE Plan will identify new transmission facilities and facility replacements or upgrades planned by Transmission Provider for its Transmission System over the ensuing ten years.

2. PSE Plan Availability

The main body of the PSE Plan will be made publicly available and posted on Transmission Provider's OASIS website. However, CEII may be included in an appendix to the PSE Plan, and disclosure of any such CEII by Transmission Provider shall be subject to the provisions of Part IX of this Attachment K below.

3. Reliability Studies

Transmission Provider will perform or cause to be performed reliability studies with respect to Transmission Provider's Transmission System to assess whether applicable NERC, WECC, and local reliability standards (e.g., NERC Reliability Standards TPL-001 through TPL-004) are met for the ten year planning horizon.

4. Planning Study Methodology

The PSE Plan will be based on seasonal reliability studies that include load flow, short circuit, and stability analyses. The primary data source for the analyses will be WECC base case data. Base case software analysis will be performed using software commonly accepted in the industry. As of September 2007, such software included, for example, PowerWorld and PSS/E. PSE will evaluate and select from among alternative solutions using criteria that include the following:

- (i) degree of development of alternative;
- (ii) relative economics and effectiveness of performance;
- (iii) coordination with any affected Transmission Systems;
- (iv) consistency with applicable state, regional and federal planning requirements and regulations;
- (v) planning standards applicable to PSE pursuant to law or regulation
- (vi) consistency with NERC/WECC planning standards;

(vii) consistency with such additional criteria as are then accepted or developed by PSE.

Additional information regarding Transmission Provider's planning study methodology and guidelines will be posted from time to time on Transmission Provider's OASIS.

5. PSE Plan Development Flow Chart

A generalized flow chart diagramming the major steps in the development of the PSE Plan and its relationship to the ColumbiaGrid planning process is set forth below (except see item 6 below with respect to development of the initial PSE Plan). Inasmuch as the ColumbiaGrid planning process is described in detail above, such process is not presented in detail in the flow chart. Although the flow chart activities are depicted sequentially, a number of the activities by PSE and ColumbiaGrid will be performed concurrently and incorporate feedback from the various ongoing processes.

PSE Plan Development Flow Chart

