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SECRETARY OF THE  
COMMISSION  
2010 FEB -4 P 3:45  
FEDERAL ENERGY  
REGULATORY COMMISSION

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February 4, 2010

Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

**Re: *Puget Sound Energy, Inc.*  
Open Access Transmission Tariff Changes  
Docket No. ER10-\_\_\_-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d (2006) and Part 35 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") regulations, 18 C.F.R. Part 35 (2009), Puget Sound Energy, Inc. ("PSE") hereby submits an original and six copies of revisions to its Open Access Transmission Tariff ("OATT"), attached as Exhibit A hereto. PSE respectfully requests that the revised OATT sheets be accepted for filing and made effective on May 1, 2010.

## **I. DESCRIPTION OF PSE**

PSE is a Washington corporation having its principal place of business in Bellevue, Washington and is a wholly-owned subsidiary of Puget Energy, Inc., a holding company. PSE is an investor-owned public utility that provides retail electric and natural gas service in a service territory covering approximately 6,000 square miles in the Puget Sound region of the State of Washington. PSE's retail and wholesale utility businesses include the generation, purchase, transmission, distribution and sale of electric energy, plus the purchase, transportation, storage, distribution and sale of natural gas. PSE serves more than 1 million electric customers and 737,000 natural gas customers primarily in the growing Puget Sound region of Western Washington.

## II. BACKGROUND

On February 16, 2007, the Commission issued Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*,<sup>1</sup> which revised the *pro forma* OATT. Order No. 890 required that, by July 13, 2007, all non-ISO/RTO transmission providers amend their OATTs to reflect the revised OATT non-rate terms and conditions adopted in Order No. 890.<sup>2</sup> PSE complied with this requirement on July 13, 2007.<sup>3</sup> Order No. 890 also stated that after the FPA section 206 compliance filings were made, “transmission providers may submit FPA section 205 filings proposing rates for the services provided for in the tariff, as well as non-rate terms and conditions that differ from those set forth in the Final Rule if those provisions are ‘consistent with or superior to’ the *pro forma* OATT.”<sup>4</sup>

PSE made such a filing on October 5, 2007, which the Commission accepted in part and rejected in part.<sup>5</sup> Subsequently, the Commission issued Order No. 890-B.<sup>6</sup> Among other things, Order No. 890-B recognized that market rules in the Western Electricity Coordinating Council (“WECC”) have developed in a way that transmission providers in WECC may wish to submit variations to the *pro forma* OATT to accommodate the difference in regional practice.<sup>7</sup> Accordingly, PSE seeks in the instant filing to revise certain provisions of the *pro forma* OATT ancillary service schedules consistent with its obligations in WECC.

## III. SECTION 205 FILING

Attached as Exhibit A hereto are proposed revised tariff sheets to PSE’s OATT. These tariff sheets incorporate certain changes PSE seeks to include in its OATT as “consistent with or superior to” the *pro forma* OATT. A redline showing the proposed changes to PSE’s OATT as submitted on April 24, 2008, is attached as Exhibit B.

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<sup>1</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs., Regs. Preambles 2006-2007 ¶ 31,241, *order on reh’g and clarification*, Order No. 890-A, FERC Stats. & Regs., Regs. Preambles 2006-2007 ¶ 31,261 at P 313 (2007), *order on reh’g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008).

<sup>2</sup> *Id.* at P 135.

<sup>3</sup> See Puget Sound Energy, Inc. Order No. 890 Compliance Filing, Docket No. OA07-52-000 (filed July 13, 2007); *Puget Sound Energy, Inc.*, 123 FERC ¶ 61,026 (2008) (order accepting for filing PSE’s revised OATT in compliance with Order No. 890); and Letter Order in Puget Sound Energy, Inc., Docket No. ER08-28-001 (issued Apr. 9, 2008).

<sup>4</sup> Order No. 890 at P 135.

<sup>5</sup> *Puget Sound Energy, Inc.*, 121 FERC ¶ 61,230 (2007).

<sup>6</sup> 123 FERC ¶ 61,299 (2008).

<sup>7</sup> *Id.* at P 115.

## A. Revisions to Ancillary Service Schedules

### 1. Schedules 5 and 6 – Spinning and Supplemental Reserve Service

PSE seeks to revise Schedule 5 (“Operating Reserves – Spinning Reserve Service”) and Schedule 6 (“Operating Reserve – Supplemental Reserve Service”) to clarify the transmission customer reserve obligations with respect to generation that is exported to load outside of its Balancing Authority Area (“BAA”).<sup>8</sup> PSE’s proposed revisions are designed to better align the provisions of PSE’s Schedules 5 and 6 with the regional practice and market rules in the WECC.

As the Commission recognized in Order No. 890-B, the rules in WECC have developed in a way that transfers responsibility for acquiring and maintaining operating reserves from transmission customers that serve load to those entities that provide resources in the BAA.<sup>9</sup> Rather than modify the *pro forma* tariff to accommodate this regional practice, the Commission stated that transmission providers in WECC that seek to conform their tariffs with WECC market rules should submit such variations to the Commission for consideration.<sup>10</sup>

In *PacifiCorp*,<sup>11</sup> the Commission accepted proposed revisions to PacifiCorp’s OATT Schedules 5 and 6 designed to reflect WECC’s regional practice with respect to operating reserve obligations. The Commission determined that PacifiCorp’s proposed revisions to Schedules 5 and 6 would not only better align the OATT reserve obligations with WECC’s regional practice, they also would “result in the costs associated with maintaining the reserve obligations being more closely related to the entities whose transmission service increases or decreases the associated reserve obligation.”<sup>12</sup> The Commission found the proposed revisions to be consistent with or superior to the *pro forma* OATT “because they increase consistency with WECC standards and ensure that costs are borne by the transmission customers who cause them.”<sup>13</sup>

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<sup>8</sup> PSE notes that the *pro forma* OATT uses the defined term “Control Area” rather than “Balancing Authority Area” which is the term more commonly used by the National Electricity Reliability Council (“NERC”) and WECC to describe the area for which the Balancing Authority is responsible to maintain system reliability.

<sup>9</sup> Order No. 890-B at P 115.

<sup>10</sup> *Id.* PSE notes that prior to the Commission’s issuance of Order No. 890-B, it rejected an earlier proposal by PSE to revise Section 3 and Schedules 5 and 6 of its OATT to clarify that PSE must offer these ancillary services to any transmission customer serving load not within PSE’s Control Area. *Puget Sound Energy, Inc.*, 121 FERC ¶ 61,230 at P 24. PSE submits that the Commission was not at that time fully apprised of the WECC obligations imposed on PSE with respect to the provision of operating reserves. The Commission subsequently recognized this regional variation in Order No. 890-B, as PSE has fully explained in the instant filing.

<sup>11</sup> 121 FERC ¶ 61,223 (2007).

<sup>12</sup> *Id.* at P 67.

<sup>13</sup> *Id.*

In this filing, PSE proposes revisions to Schedules 5 and 6 that are identical to those approved by the Commission in *PacifiCorp*. As the Commission found in *PacifiCorp*, these proposed revisions are consistent with or superior to the *pro forma* OATT because they better align the provisions of PSE's Schedules 5 and 6 with its regional reserve obligations in WECC<sup>14</sup> and will ensure that the costs associated with maintaining required reserves are more closely related to the entities whose transmission service increases or decreases the associated reserve obligation.

## 2. **Schedule 3 and Proposed New Schedule 13 – Regulation and Frequency Charges for Generators Selling Out of Control Area**

As explained above with respect to Schedules 5 and 6 of the *pro forma* OATT, Schedule 3 of the *pro forma* tariff similarly does not address PSE's obligation in WECC to provide regulation and frequency response service to generators that serve load outside of PSE's BAA. Under the existing *pro forma* tariff, generators within PSE's BAA that serve load outside of PSE's BAA are not required to purchase Schedule 3 - Regulation and Frequency Response Service because the applicability of that schedule is limited to transmission service used to serve load within the Transmission Provider's Control Area. However, when a generator sells outside of PSE's BAA, PSE is required by WECC rules to schedule a specific amount of energy out of its BAA, and automatic generation control equipment must follow the moment-to-moment changes imposed by the generator, just as if it were load located within PSE's BAA.

The Commission has in a number of recent cases permitted transmission providers to include a regulation charge for generators selling energy outside of their control area and has clarified its policy for such charges in Order No. 890.<sup>15</sup> In *Sierra Pacific Resources Operating Companies*,<sup>16</sup> the Commission approved a proposal to add a new ancillary service schedule, entitled "Regulation and Frequency Charges for Generators Selling Out of Control Area" and to add language to Schedule 3, to address this issue. The Commission found these proposed variations from the Order 890 *pro*

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<sup>14</sup> See WECC Standard BAL-STD-002-0 – Operating Reserves, *available at* <http://www.wecc.biz/Standards/Approved%20Standards/BAL-STD-002-0.pdf>. PSE notes that NERC has requested a revised WECC regional allocation formula for calculation of reserves that is currently pending before the Commission. See Petition of North American Electric Reliability Corporation for Approval Of Proposed Western Electricity Coordinating Council Regional Reliability Standard Regarding Contingency Reserves, Docket No. RM09-15-000 (filed Mar. 25, 2009). If approved by the Commission, PSE intends to amend these schedules to conform to the Commission-approved allocation.

<sup>15</sup> See Order No. 890-A at P 313 ("[W]e clarify that transmission providers may propose to assess regulation charges to generators selling in the control area, as well as generators selling outside the control area, and that the Commission will consider such proposals on a case-by-case basis."); see also, *Sierra Pac. Res. Operating Cos.*, 125 FERC ¶ 61,026 (2008); *Entergy Servs., Inc.*, 120 FERC ¶ 61,042 (2007); *Fla. Power Corp.*, 89 FERC ¶ 61,263 at p. 61,765 (1999).

<sup>16</sup> 125 FERC ¶ 61,026 at P 10 (2008).

*forma* OATT to be consistent with or superior to the requirements of Order 890 because they allow greater efficiency and flexibility in the planning of transmission services and conform to WECC standards.<sup>17</sup>

PSE's proposed tariff revisions to address regulation and frequency response service for generators selling outside of its BAA are identical to those approved by the Commission in *Sierra Pacific Resources*. PSE specifically proposes to add a new Schedule 13, entitled "Regulation and Frequency Charges for Generators Selling Out of Balancing Authority Area."<sup>18</sup> As in the case of *Sierra Pacific Resources*, PSE proposes to address the concern of double recovery under Schedules 3 and Schedule 13 by adding language to Schedule 3 and to Schedule 13 that the Transmission Provider may charge the Transmission Customer under Schedule 3 or Schedule 13, but not under both schedules, for the total regulation burden imposed by the Transmission Customer.

Because PSE's proposed new Schedule 13 and related revisions to Schedule 3 accommodate BAA requirements and regional practices in WECC, PSE respectfully requests that the Commission approve them as consistent with or superior to the Order No. 890 *pro forma* OATT.

#### IV. COMMUNICATIONS

All communications and correspondence regarding this filing should be directed to the following persons:<sup>19</sup>

Tom DeBoer  
Christine Philipps  
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10885 NE 4th Street  
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<sup>17</sup> *Sierra Pac. Res. Operating Cos.*, 125 FERC ¶ 61,026 at P 7.

<sup>18</sup> In consultation with FERC Staff, PSE has reserved Schedule 12 for the anticipated filing of a new ancillary service rate schedule.

<sup>19</sup> PSE requests waiver of the Commission's Rule 2010, 18 C.F.R. § 385.2010, such that more than two people may be designated on the service list on behalf of PSE in this proceeding.

**V. EFFECTIVE DATE, WAIVER AND SERVICE**

PSE respectfully requests that the Commission accept for filing the proposed revisions to the *pro forma* OATT to be effective on May 1, 2010.

PSE also requests waiver of any of the requirements in Part 35 of the Commission's regulations which may have not been fulfilled by this filing. Transmission Customers taking service under the PSE OATT, as well as the Washington Utilities and Transportation Commission, will be served an electronic copy and hard copy of this filing. Additionally, a copy of this filing will also be posted on PSE's OASIS at <http://www.oatioasis.com/psei/>.

**VI. EXHIBITS**

Attached to this filing letter are the following Exhibits:

- Exhibit A Revised Tariff Sheets to PSE's Eighth Revised Volume No. 7 OATT
- Exhibit B Redline of Tariff Sheets Showing Changes to OATT as Submitted April 24, 2008
- Exhibit C Revised Table of Contents to Reflect Changes

**VII. CONCLUSION**

Based upon the foregoing, PSE respectfully requests that the Commission accept the Revised Tariff Sheets for filing, effective on May 1, 2010.

Respectfully submitted,



Richard P. Bonnifield  
Van Ness Feldman, P.C.  
1050 Thomas Jefferson St. NW  
Seventh Floor  
Washington, DC 20007

*Attorney for Puget Sound Energy,  
Inc.*

February 4, 2010

Attachments

**EXHIBIT A**

**REVISED  
TARIFF SHEETS**

### **SCHEDULE 3**

#### **Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge the Transmission Customer under either Schedule 3 or Schedule 13 for the regulation and frequency response burden imposed by



the Transmission Customer, but not both.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase as such service an additional amount of reserved capacity equal to 2.0 percent of the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or 2.0 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 2.0 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The charge for Regulation and Frequency Response Service provided by the Transmission Provider under this Tariff will be:

Annual Rate	\$66.00/kW-year
Monthly Rate	\$5.50/kW-month
Weekly Rate	\$1.269/kW-week
Peak daily:	\$0.2115/kW-day
Off-peak daily:	\$0.1813/kW-day
Peak hourly:	13.22/mills/kWh
Off-peak hourly:	7.55/mills/kWh

## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load in the Control Area (other than load supplied by firm imports for which the reserve capacity is provided by the supplier) and to support firm generation exports from the Control Area immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to 3.13 percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 3.13 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion

of the 3.13 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Annual Rate	\$80.16/kW-year
Monthly Rate	\$6.68/kW-month
Weekly Rate	\$1.542/kW-week
Peak daily:	\$0.2569/kW-day
Off-peak daily	\$0.2202/kW-day
Peak hourly:	16.06 mills/kWh
Off-peak hourly:	9.18 mills/kWh

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Issued by: Thomas A. DeBoer  
Director of Rates and Regulatory Affairs

Effective Date: July 13, 2007

Issue Date: July 13, 2007

Filed in compliance with Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*, 72 Fed. Reg. 12,266 (Mar. 15, 2007).

## SCHEDULE 6

### Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the Control Area (other than load supplied by firm imports for which the reserve capacity is provided by the supplier) and to support firm generation exports from the Control Area in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to 3.13 percent of The Transmission Customer's Reserved Capacity for Point-to-Point

Transmission Service or 3.13 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 3.13 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Annual Rate	\$23.52/kW-year
Monthly Rate	\$1.90/kW-month
Weekly Rate	\$0.452/kW-week
Peak daily:	\$0.0754/kW-day
Off-peak daily	\$0.0646/kW-day
Peak hourly:	4.71 mills/kWh
Off-peak hourly:	2.69 mills/kWh

**SCHEDULE 12**

**[SHEET NOS. 161A THROUGH 161F RESERVED FOR FUTURE USE]**

### SCHEDULE 13

#### **Regulation and Frequency Response Service for Generators Selling Outside of Control Area**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes for a generator located within the Control Area that is selling outside of the Control Area.

The obligation to maintain this balance between resources and the generator's schedule lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The generator located within the Control Area selling outside of the Control Area that is a Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation.

The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the generator that is a Transmission Customer are to reflect only a pass-through of the costs to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer under either

Schedule 3 or 13 for the regulation and frequency response burden imposed by the Transmission Customer, but not both.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase as such service an additional amount of reserved capacity equal to 2.0 percent of the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or 2.0 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 2.0 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The charge for Regulation and Frequency Response Service provided by the Transmission Provider under this Tariff will be:

Annual Rate	\$66.00/kW-year
Monthly Rate	\$5.50/kW-month
Weekly Rate	\$1.269/kW-week
Peak daily:	\$0.2115/kW-day
Off-peak daily:	\$0.1813/kW-day
Peak hourly:	13.22/mills/kWh
Off-peak hourly:	7.55/mills/kWh



**EXHIBIT B**

**REDLINED  
TARIFF SHEETS**

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### SCHEDULE 3

#### Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge the Transmission Customer under either Schedule 3 or Schedule 13 for the regulation and frequency response burden imposed by

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the Transmission Customer, but not both.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase as such service an additional amount of reserved capacity equal to 2.0 percent of the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or 2.0 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 2.0 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The charge for Regulation and Frequency Response Service provided by the Transmission Provider under this Tariff will be:

Annual Rate	\$66.00/kW-year
Monthly Rate	\$5.50/kW-month
Weekly Rate	\$1.269/kW-week
Peak daily:	\$0.2115/kW-day
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## SCHEDULE 5

### Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load in the Control Area (other than load supplied by firm imports for which the reserve capacity is provided by the supplier) and to support firm generation exports from the Control Area immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to 3.13 percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 3.13 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion

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Director of Rates and Regulatory Affairs

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Issue Date: ~~February 4, 2010~~ April 24, 2008

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of the 3.13 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Annual Rate	\$80.16/kW-year
Monthly Rate	\$6.68/kW-month
Weekly Rate	\$1.542/kW-week
Peak daily:	\$0.2569/kW-day
Off-peak daily	\$0.2202/kW-day
Peak hourly:	16.06 mills/kWh
Off-peak hourly:	9.18 mills/kWh

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Issued by: Thomas A. DeBoer  
Director of Rates and Regulatory Affairs

Effective Date: July 13, 2007

Issue Date: July 13, 2007

Filed in compliance with Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*, 72 Fed. Reg. 12,266 (Mar. 15, 2007).

## SCHEDULE 6

### Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the Control Area (other than load supplied by firm imports for which the reserve capacity is provided by the supplier) and to support firm generation exports from the Control Area in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area and to support firm sales from generators located within the Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to

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Issue Date: ~~February 4, 2010~~ April 24, 2008

Effective Date: ~~May 1, 2010~~ October 5, 2007

3.13 percent of The Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 3.13 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 3.13 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Annual Rate	\$23.52/kW-year
Monthly Rate	\$1.90/kW-month
Weekly Rate	\$0.452/kW-week
Peak daily:	\$0.0754/kW-day
Off-peak daily	\$0.0646/kW-day
Peak hourly:	4.71 mills/kWh
Off-peak hourly:	2.69 mills/kWh

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Issue Date: ~~February 4, 2010~~ April 24, 2008

Effective Date: ~~May 1, 2010~~ October 5, 2007

### SCHEDULE 13

#### Regulation and Frequency Response Service for Generators Selling Outside of Control Area

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes for a generator located within the Control Area that is selling outside of the Control Area.

The obligation to maintain this balance between resources and the generator's schedule lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The generator located within the Control Area selling outside of the Control Area that is a Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation.

The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the generator that is a Transmission Customer are to reflect only a pass-through of the costs to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer under either



Schedule 3 or 13 for the regulation and frequency response burden imposed by the Transmission Customer, but not both.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase as such service an additional amount of reserved capacity equal to 2.0 percent of the Transmission Customer's Reserved Capacity for Point-To-Point Transmission Service or 2.0 percent of the Transmission Customer's Network Load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 2.0 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The charge for Regulation and Frequency Response Service provided by the Transmission Provider under this Tariff will be:

<u>Annual Rate</u>	<u>\$66.00/kW-year</u>
<u>Monthly Rate</u>	<u>\$5.50/kW-month</u>
<u>Weekly Rate</u>	<u>\$1.269/kW-week</u>
<u>Peak daily:</u>	<u>\$0.2115/kW-day</u>
<u>Off-peak daily:</u>	<u>\$0.1813/kW-day</u>
<u>Peak hourly:</u>	<u>13.22/mills/kWh</u>
<u>Off-peak hourly:</u>	<u>7.55/mills/kWh</u>

**EXHIBIT C**

**REVISED  
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