

October 30, 2013

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

**Re: NERC Full Notice of Penalty regarding Puget Sound Energy, Inc.,
FERC Docket No. NP14-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Puget Sound Energy, Inc. (PSE), NERC Registry ID# NCR05344,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

PSE is a subsidiary of Puget Energy. Its principal offices are located in Bellevue, Washington. PSE's 6,000-square-mile service area stretches across 10 counties. PSE serves more than 1 million electric customers.

This Notice of Penalty is being filed with the Commission because Western Electricity Coordinating Council (WECC) and PSE have entered into a Settlement Agreement to resolve all outstanding issues

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), 111 FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2013). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R § 39.7(c)(2).

² Western Electricity Coordinating Council confirmed that PSE was included on the NERC Compliance Registry as a Balancing Authority, Distribution Provider, Generator Owner, Generator Operator, Load-Serving Entity, Planning Authority, Purchasing-Selling Entity, Resource Planner, Transmission Owner, Transmission Operator (TOP), Transmission Planner and Transmission Service Provider on June 17, 2007. As a TOP, PSE is subject to the requirements of NERC Reliability Standard TOP-004-2 R1 and TOP-008-1 R1.

³ See 18 C.F.R § 39.7(c)(2).

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arising from WECC’s determination and findings of the violations⁴ of TOP-004-2 R1 and TOP-008-1. According to the Settlement Agreement, PSE agrees and stipulates to the violation and has agreed to the assessed penalty of fifty thousand dollars (\$50,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Number WECC2012011190 and WECC2012011189 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on July 9, 2013, by and between WECC and PSE, which is included as Attachment a. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7 (2013), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty
Western Electricity Coordinating Council	Puget Sound Energy, Inc.	NOC-2174	WECC2012011190	TOP-004-2	R1	High	\$50,000
			WECC2012011189	TOP-008-1	R1	High	

On October 9, 2012, PSE submitted a Self-Report to WECC stating that, as a Transmission Operator, it was in violation of TOP-008-1 R1. PSE reported that on September 26, 2012 at 1:36 p.m., a PSE 115 kV line connecting Sumas Transmission Station to Bellingham Transmission Station tripped due to a fault caused by a tree. At the time of the trip, PSE's energy control system department was conducting an energy management system failover which produced hundreds of alarms. In addition, PSE uses a

⁴ For purposes of this document, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

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mapboard as a graphical display to view real-time system status, and as part of the failover, the mapboard was disabled.

At the time of the trip, Sumas Transmission Station was generating 128.5 MW. PSE communicated to the WECC Reliability Coordinator that the seasonal rating System Operating Limit (SOL) for the line connecting Sumas Transmission Station to Lynden Generating Station was 110 MVA. The Sumas-Lynden line was the single remaining transmission line carrying the Sumas Transmission Station's output. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 1:36 p.m., the same time the Sumas-Bellingham line tripped.

The trip on the Sumas-Lynden line generated alarms at the same time the EMS failover generated false alarms. Because the alarms occurred simultaneously, PSE's power dispatchers did not discover that the Sumas-Bellingham line had tripped. Instead, PSE discovered the trip at 1:55 p.m. while the power dispatchers were in the process of reviewing and acknowledging the alarms associated with the failover. Between 1:55 p.m. and 2:17 p.m., PSE power dispatchers confirmed the SOL had been exceeded on the Sumas-Lynden line, dispatched line patrol, and directed the Sumas Transmission Station to reduce its output to 100 MW by backing off generation in order to reduce the loading on the Sumas-Lynden line. Specifically, the Sumas-Lynden line was loaded to 128.5 MVA, or 117% of its SOL rating, for 41 minutes.

Loading on the Sumas-Lynden line exceeded the SOL beginning at 1:36 p.m. and remained above the SOL until 2:17 p.m. PSE restored service to the Sumas-Bellingham line at 3:19 p.m. following the removal of the tree. PSE's power dispatchers made all necessary reports to the WECC Reliability Coordinator concerning the line trip and resulting SOL-related violation.

TOP-004-2 R1

The purpose statement of Reliability Standard TOP-004-2 provides: "To ensure that the transmission system is operated so that instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single Contingency and specified multiple Contingencies."

TOP-004-2 R1 provides:

R1. Each Transmission Operator shall operate within the Interconnection Reliability Operating Limits (IROLs) and System Operating Limits (SOLs).

TOP-004-2 R1 has a "High" Violation Risk Factor (VRF) and a "Severe" Violation Severity Level (VSL). The subject violation applies to PSE's TOP function.

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On October 9, 2012, PSE submitted a Self-Report to WECC stating that, as a Transmission Operator, it was in violation of TOP-004-2 R1. PSE determined that it failed to operate within the SOL limit for the Sumas-Lynden line between 1:55 p.m. and 2:17 p.m. on September 26, 2012. PSE power dispatchers confirmed the SOL had been exceeded on the Sumas-Lynden line, dispatched line patrol, and directed the Sumas Transmission Station to reduce its output to 100 MW by backing off generation in order to reduce the loading on the Sumas-Lynden line. Specifically, the Sumas-Lynden line was loaded to 128.5 MVA, or 117% of its SOL rating, for 41 minutes, beginning at 1:36 p.m. and ending at 2:17 p.m.

PSE restored service to the Sumas-Bellingham line at 3:19 p.m. following the removal of the tree. PSE's power dispatchers made all necessary reports to the WECC Reliability Coordinator concerning the line trip and resulting SOL-related violation.

WECC determined that PSE was non-compliant with TOP-004-2 R1 because it failed to operate within the SOL.

WECC determined the duration of the violation to be for approximately 41 minutes on September 26, 2012, from when PSE exceeded the SOL on the Sumas-Lynden line until PSE returned to operating under the SOL on the Sumas-Lynden line.

WECC determined that this violation posed minimal risk to the reliability of the bulk power system (BPS) but did not pose a serious or substantial risk. At the time of the violation, PSE was operating under conservative SOLs. In fact, PSE was scheduled to increase its SOLs the next day. PSE had its summer ratings in effect during the violation period. The summer ratings were based on an ambient temperature of 86 degrees. At the time of the event, the ambient temperature was 60 degrees. At that temperature, PSE's spring/fall SOL rating of 144 MVA, which was based on 68 degrees, more accurately reflected the Sumas-Lynden line's capability. By operating at 128.5 MVA, the Sumas-Lynden line was at 89% of this SOL rating. Additionally, after realizing the event had occurred, PSE dispatched line patrol within five minutes to alleviate the root cause and prevent further degradation to the system. Further, the Sumas Transmission Station is a 128.5 MVA rated generation facility which makes up 4% of PSE's generation capacity. A loss of the Sumas Transmission Station would not have had a significant effect on the reliability of the BPS primarily because PSE had 844 MW of reserve during the violation period and a total of 261 MW of spinning reserve which would have covered 100% of Sumas Transmission Station's generation capacity had there been a loss. Therefore, PSE had available generation and transmission resources to reduce the stresses to the BPS in the event PSE lost a transmission element due to overloading.

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TOP-008-1 R1

The purpose statement of Reliability Standard TOP-008-1 provides: “To ensure Transmission Operators take actions to mitigate SOL and IROL violations.”

TOP-008-1 R1 provides:

R1. The Transmission Operator experiencing or contributing to an IROL or SOL violation shall take immediate steps to relieve the condition, which may include shedding firm load.

TOP-008-1 R1 has a “High” Violation Risk Factor (VRF) and a “Severe” Violation Severity Level (VSL). The subject violation applies to PSE’s TOP function.

PSE determined the SOL violation was caused in part due to the power dispatchers' lack of clarity regarding the WECC Reliability Coordinator's revised SOL Methodology, and subsequently, PSE's requirement for power dispatchers to respond immediately to any line loading that exceeds the seasonal rating in effect and communicated to the Reliability Coordinator. Additionally, PSE determined the SOL violation was also caused by a lack of clarity regarding which line had an associated runback scheme. Despite day-ahead studies identifying the Sumas-Bellingham line as a contingency for the Sumas-Lynden line while summer ratings were in effect, the operations staff and power dispatchers incorrectly assumed there was an automatic runback scheme protecting against an SOL violation on the Sumas-Lynden line. The confusion in both cases contributed to the power dispatchers' delay in taking immediate action to relieve the condition.

WECC determined that PSE was non-compliant with TOP-008-1 R1 because it failed to take immediate actions to relieve the condition.

WECC determined the duration of the violation to be for approximately 41 minutes on September 26, 2012, from when PSE exceeded the SOL on the Sumas-Lynden line until PSE took action directing the Sumas Transmission Station to reduce generation to operate under the SOL on the Sumas-Lynden line.

WECC determined that this violation posed moderate risk to the reliability of the bulk power system (BPS) but did not pose a serious or substantial risk. WECC determined that the violation posed a moderate risk because PSE's delayed action prolonged an appropriate response to the SOL violation and line trip. PSE's failure to take immediate action was perpetuated by a lack of operational training and knowledge with respect to WECC's Reliability Coordinator SOL Methodology regarding which line had an automatic runback scheme in place. There was confusion associated with clearing the alarms

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during the failover along with the delays associated with lack of training and knowledge relating to SOL methodology. Accordingly, WECC determined PSE's procedures for recognizing and relieving an SOL violation may lead to PSE not taking immediate action in other, more serious, SOL conditions.

However, the following factor mitigated the risk. The Sumas Transmission Station is a 128.5 MVA rated generation facility which makes up 4% of PSE's generation capacity. A loss of the Sumas Transmission Station would not have had a significant effect on the reliability of the BPS primarily because PSE had 844 MW of reserve during the violation period and a total of 261 MW of spinning reserve which would have covered 100% of Sumas Transmission Station's generation capacity had there been a loss.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of fifty thousand dollars (\$50,000) for the referenced violations. In reaching this determination, WECC considered the following mitigating factors:

1. the violations constituted PSE's first occurrence of violations of the subject NERC Reliability Standards;
2. PSE had an internal compliance program (ICP) at the time of the violation;⁵
3. PSE self-reported the violations;
4. WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above;
5. there is no evidence that PSE made any attempt to conceal the violations nor evidence of intent to do so;
6. Upon undertaking the actions outlined in the mitigation plan, PSE took voluntary corrective action to remediate these violations
7. PSE implemented improvements made to its SOL Rating Precision and Protection System Training; and⁶

⁵ WECC reported that PSE's ICP was well designed and implemented; processes and procedures were tightly managed and controls were in place; key individuals, including the ICP manager and director, were committed to internal compliance; executive leadership was knowledgeable and actively supported the program; and PSE's ICP addressed all elements identified in FERC's Revised Policy Statement on Enforcement.

⁶ Specifically, PSE has implemented more frequent updates to SOL ratings based on actual field conditions instead of seasonal ratings to reduce the number of over-limit alarms that PSE dispatchers receive and allow a quicker response to SOL events. In order to accomplish this, PSE had to: 1) modify the energy management system to allow dispatchers the capability of changing which SOL alarm set is in effect; 2) review need for adding more temperature sensors in the field for improved alignment with local conditions; 3) update operator procedures and provide training; 4) update maintenance

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8. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of fifty thousand dollars (\$50,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Status of Mitigation Plan⁷

TOP-004-2 R1

PSE's Mitigation Plan to address its violation of TOP-004-2 R1 was submitted to WECC on December 4, 2012 with a proposed completion date of December 17, 2012. The Mitigation Plan was accepted by WECC on January 17, 2013 and approved by NERC on July 24, 2013. The Mitigation Plan for this violation is designated as WECCMIT008420 and was submitted as non-public information to FERC on July 24, 2013 in accordance with FERC orders.

PSE's Mitigation Plan required PSE to:

1. implement a plan for real-time mitigation of the contingency associated with the Sumas-Lynden line while summer ratings are in effect;
2. issue a communication of all current runback schemes to applicable load office personnel; and
3. complete the implementation of PSE's Real-Time Contingency Analysis for power dispatcher use, including user documentation and training.

PSE certified on January 26, 2013 that the above Mitigation Plan requirements were completed on December 12, 2012. As evidence of completion of its Mitigation Plan, PSE submitted the following:

1. TOP-004 Mitigation Completion Portfolio.pdf;

procedures recognizing the increase in criticality of ambient temperature sensors; and 5) communicate SOL alarm design with Reliability Coordinator and neighbors and formalize notification process via ICCP when SOL ratings change. PSE also improved the Control and Protection System training for dispatchers. PSE had to finalize a training curriculum with appropriate documentation, implement training per an established schedule, and have all dispatchers complete the training on the new procedure. Additionally, PSE reviewed the PSE failover procedure and implemented training where manual intervention is required.

⁷ See 18 C.F.R § 39.7(d)(7).

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2. SOL Must Read.pdf;
3. Runback Scheme Clarification.pdf; and
4. Network Applications Must Read.pdf.

On February 19, 2013, after reviewing PSE's submitted evidence, WECC verified that PSE's Mitigation Plan was completed on December 12, 2012.

TOP-008-1 R1

PSE's Mitigation Plan to address its violation of TOP-008-1 R1 was submitted to WECC on December 4, 2012 with a proposed completion date of December 30, 2012. The Mitigation Plan was accepted by WECC on January 17, 2013 and approved by NERC on July 24, 2013. The Mitigation Plan for this violation is designated as WECCMIT008421 and was submitted as non-public information to FERC on July 24, 2013 in accordance with FERC orders.

PSE's Mitigation Plan required PSE to:

1. provide a reminder to the power dispatchers that PSE must comply with the requirements applicable to SOLs for all valid alarms associated with line loading that exceeds the seasonal rating in effect;
2. provide clarification to the power dispatchers that there is no generation runback scheme protecting the Sumas-Lynden line;
3. provide a must-read document requiring all of PSE's power dispatchers to review information regarding the event, including the Mitigation Plan for this violation and the Mitigation Plan for the associated TOP-004-2 R1 violation, and including a reminder that the weekly outage report lists contingencies identified during PSE's study processes;
4. investigate whether the alarms that PSE receives during an EMS failover can be minimized or prioritized to assist the power dispatchers to more quickly recognize and respond more quickly to system conditions during a failover; and
5. implement corrective action to minimize and/or prioritize the alarms that PSE receives during an EMS failover.

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PSE certified on January 26, 2013 that the above Mitigation Plan requirements were completed on December 27, 2012. As evidence of completion of its Mitigation Plan, PSE submitted the following:

1. TOP-008 Mitigation Completion Portfolio.pdf;
2. SOL Reminder.pdf;
3. Transmission System Operating Policy.pdf;
4. Runback Scheme Clarification.pdf;
5. SOL Must Read.pdf;
6. Failover Nuisance Alarms.pdf (December 6, 2012); and
7. Failover Nuisance Alarms.pdf (December 27, 2012).

On February 19, 2013, after reviewing PSE's submitted evidence, WECC verified that PSE's Mitigation Plan was completed on December 12, 2012.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁸

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 8, 2013. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a fifty thousand dollar (\$50,000) financial penalty against PSE and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

⁸ See 18 C.F.R. § 39.7(d)(4).

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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In reaching this determination, the NERC BOTCC considered the following factors:

1. the violations constituted PSE's first occurrence of violations of the subject NERC Reliability Standards;
2. PSE had an internal compliance program (ICP) at the time of the violations;
3. PSE self-reported the violations;
4. WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS;
5. there is no evidence that PSE made any attempt to conceal the violations nor evidence of intent to do so;
6. PSE agreed to implement improvements made to the SOL Rating Precision and Protection System Training, and
7. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of fifty thousand dollars (\$50,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30-day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

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Attachments to be Included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents:

- a) Executed Settlement Agreement by and between WECC and PSE executed July 9, 2013, included as Attachment a;
- b) Record documents for the violation of TOP-004-2 R1, included as Attachment b:
 - 1. PSE's Self-Report for TOP-004-2 R1 submitted October 9, 2012;
 - 2. PSE's Mitigation Plan for TOP-004-2 R1 designated as WECCMIT008420 submitted December 4, 2012;
 - 3. PSE's Certification of Mitigation Plan Completion for TOP-004-2 R1 submitted January 26, 2013;
 - 4. WECC's Verification of Mitigation Plan Completion for TOP-004-2 R1 dated February 19, 2013;
- c) Record documents for the violation of TOP-008-1 R1, included as Attachment c:
 - 1. PSE's Self-Report for TOP-008-1 R1 submitted October 9, 2012;
 - 2. PSE's Mitigation Plan for TOP-008-1 R1 designated as WECCMIT008421 submitted December 4, 2012;
 - 3. PSE's Certification of Mitigation Plan Completion for TOP-008-1 R1 submitted January 26, 2013;
and
 - 4. WECC's Verification of Mitigation Plan Completion for TOP-008-1 R1 dated February 19, 2013.

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 Puget Sound Energy, Inc.
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Notices and Communications: Notices and communications with respect to this filing may be addressed to the following:

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*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.

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Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

/s/ Sonia Mendonça

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cc: Puget Sound Energy, Inc.
Western Electricity Coordinating Council

Attachments

Attachment a

**Executed Settlement Agreement by and
between WECC and PSE executed July 9,
2013**


SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
PUGET SOUND ENERGY, INC.

Western Electricity Coordinating Council ("WECC") and Puget Sound Energy, Inc. ("PSE") (WECC and PSE are referred to herein as a Party and/or collectively as the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 9th day of July, 2013.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public, preliminary assessment of PSE by WECC that resulted in certain WECC determinations and findings regarding what were two PSE Alleged Violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards") or "Standards"):

A WECC2012011190: TOP-004-2 R1, Transmission Operations

B WECC2012011189: TOP-008-1 R1, Response to Transmission Limit Violations

B. PSE is a subsidiary of Puget Energy. Its principal offices are located in Bellevue, Washington. PSE's 6,000-square-mile service area stretches across 10 counties. PSE serves more than 1 million electric customers. PSE was registered on the NERC Compliance Registry on June 17, 2007 as a Balancing Authority, Distribution Provider, Generator Owner, Generator Operator, Load-Serving Entity, Planning Authority, Purchasing-Selling Entity, Resource Planner, Transmission Operator, Transmission Owner, Transmission Planner, and Transmission Service Provider.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association, and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight Regional Entities in the United States.

[REDACTED]

D. The Parties are entering into this Agreement to settle the disputed matters between them. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Thus, for the purposes of this agreement, PSE agrees that the violations addressed hereby may be treated as Confirmed Violations as set forth in the NERC Rules of Procedure.

E. Nothing contained in this Agreement shall be construed as a waiver of either party's rights, except as otherwise contained herein. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating PSE for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against PSE for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure, which can include consideration of the violations resolved herein as prior non-compliance with Reliability Standards.

NOW, THEREFORE, in consideration of the terms set forth herein WECC and PSE hereby agree and stipulate to the following:


I. Stipulated Violation Facts

A. NERC Reliability Standard TOP-004-2 REQUIREMENT 1

R1: Each Transmission Operator shall operate within the Interconnection Reliability Operating Limits (IROLs) and System Operating Limits (SOLs).


VIOLATION FACTS

1. On October 9, 2012, PSE submitted a Self-Report addressing possible noncompliance with TOP-004-2 R1. Specifically, PSE reported that on September 26, 2012, at 1:36 p.m., a PSE 115 kilovolt line connecting Sumas Transmission Station ("Sumas") to Bellingham Transmission Station ("Bellingham") tripped due to a fault caused by a tree. At the time of the trip, PSE's Energy Control System Department ("ECS") was conducting an Energy Management System ("EMS") failover which produced hundreds of alarms. In addition, PSE utilizes a mapboard as a graphical display to view real-time system status. As part of the failover, the mapboard was temporarily disabled.
2. At the time of the trip, Sumas was generating at 128.5 megawatts. The seasonal rating communicated to the WECC Reliability Coordinator ("RC") as the System Operating Limit ("SOL") in effect for the line connecting Sumas to Lynden Generating Substation ("Lynden") was 110 megavolt ampere ("MVA"). The Sumas-Lynden line was the single remaining transmission line carrying the Sumas plant's output. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 1:36 p.m., the same time the Sumas-Bellingham line tripped.

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3. Between 1:55 p.m. and 2:17 p.m., PSE power dispatchers confirmed the SOL had been exceeded on the Sumas-Lynden line, dispatched line patrol, and directed the Sumas plant to reduce its output to 100 MW by backing off generation in order to reduce the loading on the Sumas-Lynden line.
 4. Loading on the Sumas-Lynden line exceeded the SOL beginning at 1:36 p.m. and remained above the SOL until 2:17 p.m. (i.e., for forty-one minutes). PSE restored service to the Sumas-Bellingham line at 3:19 p.m. following the removal of the tree. PSE's power dispatchers made all necessary reports to the RC concerning the line trip and resulting SOL-related violation.
 5. On December 3, 2012, a WECC Subject Matter Expert ("SME") interviewed PSE personnel regarding its Self-Report. PSE personnel confirmed the information found in the Self-Report. Subsequently, the SME determined that PSE was in possible violation of TOP-004-2 R1 for exceeding its SOL and forwarded these findings to WECC Enforcement ("Enforcement").
 6. Enforcement reviewed PSE's Self-Report and the SMEs findings. Enforcement determined that PSE failed to operate within its SOL of 110 MVA. Specifically, the Sumas-Lynden line was loaded to 128.5 MVA or 117% of the SOL rating, under unity power factor, for 41 minutes resulting in an Alleged Violation of TOP-004-2 R1.
 7. Accordingly, Enforcement determined that PSE was in violation of TOP-004-2 R1.

MITIGATION PLAN DETAILS

8. On December 4, 2012, PSE submitted a Mitigation Plan addressing possible noncompliance with TOP-004-2 R1 identified in its Self-Report submitted on October 9, 2012. The Mitigation Plan identified mitigation action to be completed by December 17, 2012. On January 31, 2013 WECC issued Notice of Mitigation Plan Acceptance.
9. PSE's Mitigation Plan required PSE to:
 - i. Implement a plan for real-time mitigation of the contingency associated with the Sumas-Lynden line while summer ratings are in effect.
 - ii. Issue a communication of all current runback schemes to applicable Load Office personnel.
 - iii. Complete implementation of PSE's Real-Time Contingency Analysis (RTCA) for power dispatcher use, including user documentation and training.

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10. On January 26, 2013, PSE submitted its Certificate of Mitigation Plan Completion as of December 12, 2012. A WECC SME reviewed the communications sent to PSE personnel regarding its Mitigation Plan, runback scheme clarification, and PSE's Energy Management System Network Applications User's Guide. On February 19, 2013, WECC issued Notice of Certificate of Mitigation Plan Completion Acceptance.
 11. Thus, PSE was alleged to be in violation of this Standard from on September 26, 2012 from 1:36 p.m., when PSE first exceeded its SOL, to 2:17 p.m., when PSE returned the flow on the line under the SOL.

RELIABILITY IMPACT STATEMENT

12. The purpose of TOP-004-2 is to ensure that the transmission system is operated so that instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single Contingency and specified multiple Contingencies. To that end, R1 requires that each Transmission Operator operate within the Interconnection Reliability Operating Limits ("IROL(s)") and SOLs. Failure to operate the system within the IROL and SOL limits could lead to instability, uncontrolled separation, or cascading outages on the BES.
13. In this case, PSE failed to operate a single 115 kV transmission line (Sumas-Lynden) within the defined SOL of 110 MVA. The Sumas-Lynden line was loaded to 128.5 MW or 117% of the SOL rating, under unity power factor, for 41 minutes.
14. The potential risks to the BES were minimized by measures which existed during the violation period. At the time of the violation, PSE was operating under extremely conservative SOLs. In fact, PSE was scheduled to increase its SOLs the following day. Specifically, PSE had its summer ratings in effect during the violation period. The summer ratings are based on an ambient temperature of 86 degrees Fahrenheit. At the time of the event, the ambient temperature in the area was 60 degrees Fahrenheit. At that temperature, PSE's spring/fall rating, based on 68 degrees Fahrenheit, of 144 MVA more accurately reflects the Sumas-Lynden line's capacity.
15. In addition, after realizing an event had occurred, PSE dispatched line patrol within five minutes to alleviate the root cause and prevent further degradation to the system.
16. The Sumas plant is a 128.5 MVA rated generation facility which makes up 4% of PSE's generation capacity. A loss of Sumas would not have had a significant effect on the reliability of the BES primarily because PSE had 844 MW of reserve during the violation period and a total of 261 MW of

[REDACTED]

spinning reserve which would have covered 100% of Sumas' generation capacity had there been a loss. PSE had available generation and transmission resources available to reduce the stresses to the BES in the event PSE lost a transmission element due to overloading. For these reasons, WECC determined this violation posed minimal risk to the reliability of the BES.

PENALTY CONSIDERATIONS

17. The Violation Risk Factor ("VRF") is High, the Violation Severity Level ("VSL") is Severe, and this violation posed minimal risk to the reliability of the BES.
18. The violation duration is as described above.

MITIGATING FACTORS

19. Upon undertaking the actions outlined in the mitigation plan, PSE took voluntary corrective action to remediate this violation.
20. PSE self-reported this violation.
21. WECC reviewed PSE's Internal Compliance Program ("ICP"). WECC found that: PSE's ICP was well designed and implemented; processes and procedures are tightly managed and controls are in place; key individuals, including the ICP Manager and Director, are committed to internal compliance; executive leadership is knowledgeable and actively supports the program; and PSE's ICP addresses all elements identified in FERC's Revised Policy Statement on Enforcement.

AGGRAVATING FACTORS

22. Enforcement determined there were no aggravating factors warranting a penalty higher than the proposed penalty. PSE was cooperative throughout the process. PSE did not fail to complete any applicable compliance directives. There was no evidence of any attempt by PSE to conceal the violation. There was no evidence that PSE's violation was intentional. WECC is not aware of any violations of this Reliability Standard by PSE affiliates or any involvement in PSE's activities such that this violation by PSE should be treated as recurring conduct. Enforcement considered PSE's compliance history and determined PSE did not have any relevant negative compliance history.

[REDACTED]


B. NERC Reliability Standard TOP-008-1 REQUIREMENT 1

R1: The Transmission Operator experiencing or contributing to an IROL or SOL violation shall take immediate steps to relieve the condition, which may include shedding firm load.

VIOLATION FACTS

1. On October 9, 2012, PSE submitted a Self-Report addressing possible noncompliance with TOP-008-1 R1. Specifically, PSE reported that on September 26, 2012, at 1:36 p.m., a PSE 115 kilovolt line connecting Sumas Transmission Station ("Sumas") to Bellingham Transmission Station ("Bellingham") tripped due to a fault caused by a tree¹. At the time of the trip, PSE's Energy Control System Department ("ECS") was conducting an Energy Management System ("EMS") failover which produced hundreds of alarms. In addition, PSE utilizes a mapboard as a graphical display to view real-time system status. As part of the failover, the mapboard temporarily was temporarily disabled PSE's mapboard function thereby disabling PSE's ability to view real-time operational awareness.
2. At the time of the trip, Sumas was generating at 128.5 megawatts. The seasonal rating communicated to the WECC Reliability Coordinator ("RC") as the System Operating Limit ("SOL") in effect for the line connecting Sumas to Lynden Substation ("Lynden") was 110 megavolt ampere ("MVA"). The Sumas-Lynden line was the single remaining transmission line carrying the Sumas plant's output. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 1:36 p.m., the same time the Sumas-Bellingham line tripped.
3. The trip on the Sumas-Bellingham line generated alarms at the same time the EMS failover generated false alarms. Because the alarms occurred congruently, PSE's power dispatchers did not discover that the Sumas-Bellingham line had tripped. Instead, PSE discovered the trip at 1:55 p.m. while the power dispatchers were in the process of reviewing and acknowledging the alarms associated with the failover. Between 1:55 p.m. and 2:17 p.m., PSE power dispatchers confirmed the SOL had been exceeded on the Sumas-Lynden line, dispatched line patrol, and directed the Sumas plant to reduce its output to 100 MW by backing off generation in order to reduce the loading on the Sumas-Lynden line.


¹ Because the Sumas-Bellingham line is below 200kV, and has not been designated by the RRO as critical to the reliability of the electric system in the region, FAC-003-1 is not in scope for the events associated with this self-report.

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4. Loading on the Sumas-Lynden line exceeded the SOL beginning at 1:36 p.m. until 2:17 p.m. (i.e., for forty-one minutes). PSE restored service to the Sumas-Bellingham line at 3:19 p.m. following the removal of the tree. PSE's power dispatchers made all necessary reports to the RC concerning the line trip and resulting SOL-related violation.
 5. On December 3, 2012, a WECC Subject Matter Expert ("SME") interviewed PSE personnel regarding its Self-Report. PSE confirmed the information found in the Self-Report. Subsequently, the SME determined that PSE was in possible violation of TOP-008-1 R1 for failing to take immediate steps to relieve an SOL condition and forwarded these findings to WECC Enforcement ("Enforcement").
 6. Enforcement reviewed PSE's Self-Report and the SME's findings. In addition, on February 26, 2013, Enforcement contacted PSE regarding its Self-Report. Specifically, PSE personnel clarified the following violation facts. On September 26, 2013, at 1:55 p.m., PSE discovered there was an alarm associated with a trip on the Sumas-Bellingham line and that Sumas-Lynden was operating at 128 MW. At 2:00 p.m., PSE dispatched line patrol to analyze the root cause of the trip. In addition, at 2:00 p.m., PSE personnel ran studies and analysis to confirm that Sumas-Lynden did exceed its SOL. At 2:10 p.m., PSE confirmed that Sumas-Lynden was operating above its SOL and directed the Sumas plant to reduce its output to 100 MW by backing off generation in order to reduce the loading on the Sumas-Lynden line under its SOL. Seven minutes later, at 2:17 p.m., Sumas-Lynden was operating under its SOL.
 7. Enforcement also reviewed PSE's Mitigation Plan. The Mitigation Plan identified two root causes for the TOP-008-1 R1 violation. The first cause stemmed from PSE's power dispatchers' lack of clarity regarding the WECC Reliability Coordinator's revised SOL Methodology, and subsequently, PSE's requirement for power dispatchers to immediately respond to any line loading that exceeds the seasonal rating in effect and communicated to the Reliability Coordinator. The second cause stemmed from a lack of clarity regarding which line had an associated runback scheme. Despite day-ahead studies identifying the Sumas-Bellingham line as a contingency for the Sumas-Lynden line while summer ratings were in effect, the operations staff and power dispatchers incorrectly assumed there was an automatic runback scheme protecting against an SOL violation on the Sumas-Lynden line. The confusion in both cases contributed to the power dispatchers' delay in taking immediate action to relieve the condition.

- [REDACTED]
8. Therefore, Enforcement determined PSE failed to take immediate steps to relieve the condition of the exceeded SOL on the Sumas-Lynden line, as required by TOP-008-1 R1.

MITIGATION PLAN DETAILS

9. On December 4, 2012, PSE submitted a Mitigation Plan addressing possible noncompliance with TOP-008-1 R1 identified in its Self-Report submitted on October 9, 2012. The Mitigation Plan identified the cause of the violation as an absence of knowledge regarding which line had an automatic runback scheme protecting specific lines. The plan indicated mitigation action was to be complete by December 30, 2012. WECC reviewed PSE's Mitigation Plan and issued Notice of Mitigation Plan Acceptance on January 31, 2013.
10. PSE's Mitigation Plan required PSE to:
 - i. Provide a reminder to the power dispatchers that PSE must comply with the requirements applicable to SOLs for all valid alarms associated with line loading that exceeds the seasonal rating in effect.
 - ii. Provide clarification to the power dispatchers that there is no generation runback scheme protecting the Sumas-Lynden line.
 - iii. Provide a must-read requiring all of PSE's power dispatchers to review information regarding this event, including this proposed mitigation plan, the proposed mitigation plan for the associated violation of requirement R1 of TOP-004-1 and a reminder that the weekly outage report lists contingencies identified during PSE's study processes.
 - iv. Investigate whether the alarms that PSE receives during an EMS failover can be minimized or prioritized to assist the power dispatchers to more quickly recognize and respond to system conditions during a failover.
 - v. Implement corrective action to minimize and/or prioritize the alarms that PSE receives during an EMS failover.
11. On January 26, 2013, PSE submitted its Certificate of Mitigation Plan Completion as of December 27, 2012. A WECC SME reviewed evidence submitted supporting PSE's Mitigation Plan which included the communications sent to PSE personnel regarding its Mitigation Plan, the SOL Reminder communication, runback scheme clarification, and PSE's Failover Nuisance Alarms Progress paper and final paper. On February 19, 2013, WECC issued Notice of Certificate of Mitigation Plan Completion Acceptance.

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12. Thus, PSE was alleged to be in violation of this Standard from on September 26, 2012 from 1:36 p.m., when PSE first exceeded its SOL, to 2:10 p.m., when PSE took action by directing the Sumas plant to reduce generation to return the flow on the line under the SOL.

RELIABILITY IMPACT STATEMENT

13. The purpose of TOP-008-1 is to ensure that Transmission Operators take actions to mitigate SOL or IROL violations. To that end, R1 requires that when a Transmission Operator is experiencing or contributing to an IROL or SOL event, the Transmission Operator take immediate steps to mitigate the condition. Failure to take immediate action to mitigate the condition may lead to damaging the related equipment or render the equipment inoperable, thereby affecting the reliability of the BES.
14. In this case, PSE failed to take immediate action to mitigate the exceeded SOL on the Sumas-Lynden line under 110 MVA until 34 minutes after the event occurred.
15. The Sumas plant is a 128.5 MVA rated generation facility which makes up 4% of PSE's generation capacity. A loss of Sumas would not have had a significant effect on the reliability of the BES primarily because PSE had 844 MW of reserve during the violation period and a total of 261 MW of spinning reserve which would have covered 100% of Sumas' generation capacity had there been a loss.
16. However, WECC determined this violation posed moderate risk to the reliability of the BES. Although, at the time of the violation, PSE was operating under conservative SOLs, PSE's failure to take immediate action was perpetuated by a lack of operational training and knowledge with respect to WECC's Reliability Coordinator SOL Methodology and which line(s) had an automatic runback scheme in place. This confusion delayed PSE from taking immediate action, which increased the risk of negatively affecting the reliability of the BES. Furthermore, due to the confusion associated with clearing the alarms during the failover in concert with the delays associated with lack of training and knowledge relating to SOL methodology, WECC determined PSE's procedures for recognizing and relieving an SOL violation may lead to PSE not taking immediate action in other, more serious, SOL conditions.

PENALTY CONSIDERATIONS

17. The Violation Risk Factor ("VRF") is High, the Violation Severity Level ("VSL") is Severe, and this violation posed moderate risk to the reliability of the BES.

18. The violation duration is as described above.

MITIGATING FACTORS

19. Upon undertaking the actions outlined in the mitigation plan, PSE took voluntary corrective action to remediate this violation.

20. PSE self-reported this violation.

21. WECC reviewed PSE's Internal Compliance Program ("ICP"). WECC found that: PSE's ICP was well designed and implemented; processes and procedures are tightly managed and controls are in place; key individuals, including the ICP Manager and Director, are committed to internal compliance; executive leadership is knowledgeable and actively supports the program; and PSE's ICP addresses all elements identified in FERC's Revised Policy Statement on Enforcement.

AGGRAVATING FACTORS

22. Enforcement determined there were no aggravating factors warranting a penalty higher than the proposed penalty. PSE was cooperative throughout the process. PSE did not fail to complete any applicable compliance directives. There was no evidence of any attempt by PSE to conceal the violation. There was no evidence that PSE's violation was intentional. WECC is not aware of any violations of this Reliability Standard by PSE affiliates or any involvement in PSE's activities such that this violation by PSE should be treated as recurring conduct. Enforcement considered PSE's compliance history and determined PSE did not have any relevant negative compliance history.

II. Settlement Terms

A. Payment. To settle this matter, PSE hereby agrees to pay \$50,000 to WECC via wire transfer or cashier's check. PSE shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to PSE upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). PSE shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due. If this payment is not timely received, WECC shall assess, and PSE agrees to pay, an interest charge calculated according to the method set forth at 18 CFR §35.19(a)(2)(iii) beginning on the 31st day following issuance of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC and will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to

[REDACTED]

negotiate a revised settlement agreement with PSE that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. Additional Terms. In addition to monetary penalties, to settle this matter, PSE hereby agrees that PSE will implement improvements made to SOL Rating Precision and Protection System Training. Specifically, on or before October 18, 2013, PSE will complete the following:

1. PSE will implement more frequent updates to SOL ratings based on actual field conditions instead of seasonal ratings to reduce the number of over limit alarms that PSE dispatchers receive and allow a quicker response to SOL events. This will require PSE to:

- a. Modify EMS to allow Dispatchers the capability of changing which SOL alarm set is in effect,
- b. Review need for adding more temperature sensors in the field for improved alignment with local conditions,
- c. Update operator procedures and provide training,
- d. Update maintenance procedures recognizing the increase in criticality of ambient temperature sensors, and
- e. Communicate SOL Alarm design with RC and neighbors and formalize notification process via ICCP when SOL rating are changed.

2. PSE will improve the Control and Protection System training for dispatchers. The new Control and Protection System training will be significantly enhanced and will qualify for seven hours of NERC Continuing Education Hours. This will require PSE to:

- a. Finalize training curriculum with appropriate documentation,
- b. Implement training per an established schedule, and
- c. Completion of training by all dispatchers.

3. Additionally, PSE will review the PSE failover procedure and implement training where manual intervention is required.

C. Settlement Rationale. WECC's determination of any penalty and sanction included in this settlement agreement is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [the Registered Entity] to remedy the violation in a timely manner." In addition, WECC considers the direction of the Commission provided in Order No. 693, the NERC Sanction Guidelines, the Commission's Policy Statement on Enforcement, the Commission's July 3, 2008 Guidance Order, the Commission's August 27, 2010 Guidance Order, and all other applicable guidance from NERC and FERC.

To determine a penalty or sanction, WECC considers various factors including, but not limited to: (1) Violation Risk Factor; (2) Violation Severity Level, (3) risk to the reliability of the Bulk Power System ("BPS"), including the seriousness of the violation;

[REDACTED]

(4) Violation Time Horizon (5) the violation's duration; (6) the Registered Entity's compliance history; (7) the Registered Entity's self-reports and voluntary corrective action; (8) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (9) the quality of the Registered Entity's compliance program; (10) any attempt by the Registered Entity to conceal the violation or any related information; (11) whether the violation was intentional; (12) any other relevant information or extenuating circumstances; and (13) the Registered Entity's ability to pay a penalty, as applicable.

WECC determined the penalty is appropriate in light of the specific violation facts and penalty considerations described above.

III. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer, or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of PSE or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. PSE agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. PSE waives its right to further hearings and appeal; unless and only to the extent that PSE contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against PSE in accordance with the

[REDACTED]

Agreement, the CMEP and the NERC Rules of Procedure. In the event that PSE fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against PSE up to the maximum penalty allowed by the NERC Rules of Procedure. PSE shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. PSE consents to the use of WECC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that Registered Entity does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or WECC, nor does PSE consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

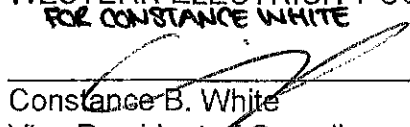
L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.

M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

***[Remainder of page intentionally left blank -
signatures affixed to following page]***

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL
FOR CONSTANCE WHITE

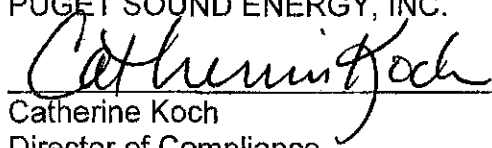


Constance B. White
Vice President of Compliance

Date

7/9/2013

PUGET SOUND ENERGY, INC.



Catherine Koch
Director of Compliance

Date

7/8/2013

Attachment b

Record documents for the violation of TOP-004-2 R1

b-1. PSE's Self-Report for TOP-004-2 R1 submitted October 9, 2012

b-2. PSE's Mitigation Plan for TOP-004-2 R1 designated as WECCMIT008420 submitted December 4, 2012

b-3. PSE's Certification of Mitigation Plan Completion for TOP-004-2 R1 submitted January 26, 2013

b-4. WECC's Verification of Mitigation Plan Completion for TOP-004-2 R1 dated February 19, 2013

Self Report - 2012

Entity Name: Puget Sound Energy, Inc.

Address: 355 110th Ave NE
Bellevue WA 98004

NERC Registry ID: NCR05344

Standard Requirement: TOP-004-2 R1

Each Transmission Operator shall operate within the Interconnection Reliability Operating Limits (IROLs) and System Operating Limits (SOLs).

Date of Alleged Violation: September 26, 2012

Date Submitted: October 09, 2012

Self Report Status: Self Report has been submitted

Description and Cause: On 09/26/2012, at 13:36, Puget Sound Energy's (PSE) Sumas-Bellingham 115kV line tripped due to a fault caused by a tree. At the time of the trip, the Energy Control System (ECS) Department was conducting a Energy Management System (EMS) failover, which caused EMS to produce hundreds of alarms (a normal effect of a failover). The failover also temporarily disabled PSE's mapboard function (also a common event during a failover). Because the alarms associated with the trip occurred at the same time as the alarms associated with the EMS failover and because the mapboard was unavailable, PSE's power dispatchers did not discover that the line had tripped until approximately 13:55 as they were in the process of reviewing and acknowledging the alarms associated with the failover. At that point, they began making the necessary notifications and dispatched a line patrol at 14:00.

At the time of the trip, PSE's Sumas generation plant was generating at 128.5 MW and the seasonal rating communicated to the WECC Reliability Coordinator (RC) as the System Operating Limit (SOL) in effect for PSE's Sumas-Lynden 115kV line, the single remaining transmission line carrying the plant's output, was 110 MVA. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 13:36, the time that the Sumas-Bellingham line tripped. However, the power dispatchers did not immediately note this SOL exceedance, again because the alarms associated with the exceedance occurred at the same time as the alarms caused by the EMS failover. Once the power dispatchers confirmed that an SOL exceedance had occurred, one of them directed the Sumas plant to reduce its output to 100 MW in order to reduce the loading on the Sumas-Lynden line under the SOL limit of 110 MVA. The loading on Sumas-Lynden line exceeded the SOL until 14:17, when the plant's output dropped enough to take the loading on the Sumas-Lynden line to under the SOL. The Sumas-Bellingham line was returned to service at 15:19, following removal of the tree. PSE's power dispatchers made all necessary reports to the Reliability Coordinator concerning the line trip and resulting SOL violation.

Potential Impact to the Bulk Power System: PSE had its summer ratings in effect at the time of this event. Those ratings are based on an ambient temperature of 86 degrees Fahrenheit. At the time of the event, however, the ambient temperature in the area was 60 degrees Fahrenheit. At that temperature, PSE's spring/fall rating (based on 68 degrees Fahrenheit) of 144 MVA more accurately reflects the line's capacity. As a result, the Sumas-Lynden 115kV line did not experience an actual overload during this event.

Self Report - 2012

Additional Comments		
From	Comment	User Name
Entity	<p>PSE bases its SOLs on its three seasonal ratings, Summer, Spring/Fall and Winter, and selects the applicable rating based on prevailing ambient temperatures in its operating area. When PSE changes its seasonal limits, it provides notice of that change to the WECC RC via e-mail. At the time of this event, weather forecasts for PSE's operating area indicated that a few temperatures might exceed 68 degrees Fahrenheit, so PSE left the most-conservative Summer ratings in effect. However, had PSE changed to the Spring/Fall ratings and communicated that change to the WECC RC, which it did the following day, 09/27/2012, at 07:30, this event would not have resulted in an SOL exceedance.</p> <p>Because the line in question is below 200kV, and has not been designated by the RRO as critical to the reliability of the electric system in the region, FAC-003-1 is not in scope for the events associated with this self-report.</p>	Edwin Croft

Mitigation Plan

Registered Entity: Puget Sound Energy, Inc.

Mit Plan Code	NERC Violation ID	Requirement	Violation Validated On	Mit Plan Version
WECCMIT008420	WECC2012011190	TOP-004-2 R1	null	1

Mitigation Plan Submitted On: December 04, 2012

Mitigation Plan Accepted On:

Mitigation Plan Proposed Completion Date: December 17, 2012

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by PSE On:

Mitigation Plan Completion Verified by WECC On:

Mitigation Plan Completed? (Yes/No): No

Section A: Compliance Notices

Section 6.2 of the NERC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.
 - (11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.
- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
 - This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
 - If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
 - Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
 - Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
 - The user has read and accepts the conditions set forth in these Compliance Notices.

Section B: Registered Entity Information

B.1 Identify your organization:

Entity Name: Puget Sound Energy, Inc.
NERC Compliance Registry ID: NCR05344
Address: 355 110th Ave NE
Bellevue WA 98004

B.2 Identify the individual in your organization who will serve as the Contact to the Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan:

Name: Ed Croft
Title: Manager, Compliance & Regulatory Audits - Electric
Email: ed.croft@pse.com
Phone: 425-462-3608

Section C: Identification of Reliability Standard Violation(s) Associated with this Mitigation Plan

C.1 This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

Violation ID	Date of Violation	Requirement
Requirement Description		
WECC2012011190	09/26/2012	TOP-004-2 R1
Each Transmission Operator shall operate within the Interconnection Reliability Operating Limits (IROLs) and System Operating Limits (SOLs).		

C.2 Brief summary including the cause of the violation(s) and mechanism in which it was identified above:

On 09/26/2012, at 13:36, Puget Sound Energy's (PSE) Sumas-Bellingham 115kV line tripped due to a fault caused by a tree. At the time of the trip, PSE's Sumas generation plant was generating at 128.5 MW and the seasonal rating communicated to the WECC Reliability Coordinator (RC) as the System Operating Limit (SOL) in effect for PSE's Sumas-Lynden 115kV line, the single remaining transmission line carrying the plant's output, was 110 MVA. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 13:36, the time that the Sumas-Bellingham line tripped, until 14:17, when the Sumas generation plant's output dropped enough to take the loading of the Sumas-Lynden line under the SOL. As a result, PSE did not operate within its SOL for the Sumas-Lynden line as required by requirement R1 of TOP-004-2.

In addition, since PSE's EMS upgrade earlier this year, the operations planning engineers have been working to fully implement PSE's Real-time Contingency Analysis tools. Had RTCA been fully implemented, it may have assisted the power dispatchers in more quickly identifying and responding to this event. As a result, the proposed mitigation plan includes rolling out RTCA for power dispatcher use.

C.3 Provide any relevant information regarding the identification of the violation(s) associated with this Mitigation Plan:

PSE planning processes did identify a trip of the Sumas-Bellingham line as a contingency for the Sumas-Lynden line while summer ratings were in effect. As a result, there is a project planned to upgrade the line to alleviate this contingency. PSE's day-ahead studies also identified this contingency; however, the operations planning engineer conducting the study incorrectly specified an automatic generation runback scheme as the mitigation for that contingency (while there is such a runback scheme protecting the Sumas-Bellingham line, there is not a runback scheme in place protecting the Sumas-Lynden line). As a result, PSE's proposed mitigation plan includes the specification of an appropriate mitigation plan for the contingency associated with the Sumas-Lynden line while summer ratings are in effect.

PSE is submitting an additional proposed mitigation plan concerning the same incident under requirement R1 of TOP-008-1.

Section D: Details of Proposed Mitigation Plan

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violation(s) identified above in Section C.1 of this form:

PSE's proposed mitigation plan will include the following activities:

1. Implementation of a plan for real-time mitigation of the contingency associated with the Sumas-Lynden line while summer ratings are in effect.
2. Issuance of a communication of all current runback schemes to applicable Load Office personnel.
3. Completion of implementation of Puget Sound Energy's Real-Time Contingency Analysis (RTCA) for power dispatcher use, including user documentation and training.

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

Proposed Completion date of Mitigation Plan: December 17, 2012

- D.3 Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Description	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
Real-Time Mitigation Plan	Implementation of a plan for real-time mitigation of the contingency associated with the Sumas-Lynden line while summer ratings are in effect.	12/17/2012	
Communicate all current runback schemes	Issuance of a communication to all applicable Load Office personnel detailing all current runback schemes	12/17/2012	
RTCA Rollout	Completion of the roll out of PSE's RTCA for power dispatcher use	12/17/2012	

- D.4 Additional Relevant Information (Optional)

The mitigation plan will be complete by 12/17/2012. The mitigation plan has not yet been fully implemented.

Section E: Interim and Future Reliability Risk

E.1 Abatement of Interim BPS Reliability Risk

While your organization is implementing the Mitigation Plan proposed in Section D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

At this time, PSE is operating under its winter ratings. Under these ratings, the Sumas-Lynden line can accommodate the entire output of the Sumas generation plant.

E.2 Prevention of Future BPS Reliability Risk

Describe how successful completion of the Mitigation Plan as laid out in Section D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Completion of PSE's proposed mitigation plan will minimize the probability that PSE will violate the SOL associated with the Sumas-Lynden line by ensuring that the appropriate mitigation is in place for the contingency associated with that line.

Communication of runback schemes system-wide will give dispatchers one place to refer to for information on runback schemes, as well as reinforce the need for action if an SOL limit is reached on a path without a runback scheme.

The real-time contingency analysis (RTCA) application provides dispatchers with an indication of possible SOL violations due to current operating condition contingencies. This awareness allows the dispatcher to take preemptive actions to avoid a SOL violation. For the Sumas-Lynden event, the RTCA would have identified the potential violation of the communicated SOL and the dispatcher could have reduced generation prior to any contingency occurring.

The proposed mitigation plan associated with requirement R1 of TOP-008-1 will also serve to prevent or minimize the probability that PSE will incur further violations of this or similar reliability standard requirements in the future.

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Section D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Section C.1, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

Section F: Authorization

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and
- (b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- (c) Acknowledges:
 - 1. I am Manager, Compliance & Regulatory Audits - Electric of Puget Sound Energy, Inc.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Puget Sound Energy, Inc.
 - 3. I have read and understand Puget Sound Energy, Inc.'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. Puget Sound Energy, Inc. Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature: _____
(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Authorized Individual

Name: Ed Croft

Title: Manager, Compliance & Regulatory Audits - Electric

Authorized On: May 23, 2011

Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for the Regional Entity to verify completion of the Mitigation Plan. The Regional Entity may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Puget Sound Energy, Inc.

NERC Registry ID: NCR05344

NERC Violation ID(s): WECC2012011190

Mitigated Standard Requirement(s): TOP-004-2 R1,

Scheduled Completion as per Accepted Mitigation Plan: December 17, 2012

Date Mitigation Plan completed: December 12, 2012

WECC Notified of Completion on Date: January 26, 2013

Entity Comment:

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	TOP-004 Mitigation Completion Portfolio.pdf		2,426,204

I certify that the Mitigation Plan for the above named violation(s) has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Sue McLain

Title: Sr. VP Delivery Operations

Email: sue.mclain@pse.com

Phone: 1 (425) 462-3696

Authorized Signature _____ Date _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)



Chris Luras
Director of Enforcement

(801) 883-6887
cluras@wecc.biz

VIA WECC ENHANCED FILE TRANSFER SERVER

February 19, 2013

Edwin Croft
Manager Compliance & Regulatory
Puget Sound Energy, Inc.
355 110th Ave NE
Bellevue, WA 98004

NERC Registration ID: NCR05344
NERC Violation ID: WECC2012011190

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard TOP-004-2 Requirement 1

Edwin,

The Western Electricity Coordinating Council (WECC) received the Certification of Mitigation Plan Completion submitted by Puget Sound Energy, Inc. (PSE) on January 26, 2013 for the violation of Reliability Standard TOP-004-2 Requirement 1. After a thorough review, WECC has accepted the Certification of Mitigation Plan Completion.

If you have any questions or concerns, please contact Keshav Sarin at ksarin@wecc.biz.

Sincerely,

Chris Luras
Director of Enforcement

CL:dlc

cc: Dianne Gordon, PSE Regulatory Compliance Consultant
Keshav Sarin, WECC Manager, O&P and CIP

Attachment c

Record documents for the violation of TOP-008-1 R1

c-1. PSE's Self-Report for TOP-008-1 R1 submitted October 9, 2012

c-2. PSE's Mitigation Plan for TOP-008-1 R1 designated as WECCMIT008421 submitted December 4, 2012

c-3. PSE's Certification of Mitigation Plan Completion for TOP-008-1 R1 submitted January 26, 2013

c-4. WECC's Verification of Mitigation Plan Completion for TOP-008-1 R1 dated February 19, 2013

Self Report - 2012

Entity Name: Puget Sound Energy, Inc.

Address: 355 110th Ave NE
Bellevue WA 98004

NERC Registry ID: NCR05344

Standard Requirement: TOP-008-1 R1

The Transmission Operator experiencing or contributing to an IROL or SOL violation shall take immediate steps to relieve the condition, which may include shedding firm load.

Date of Alleged Violation: September 26, 2012

Date Submitted: October 09, 2012

Self Report Status: Self Report has been submitted

Description and Cause: On 09/26/2012, at 13:36, Puget Sound Energy's (PSE) Sumas-Bellingham 115kV line tripped due to a fault caused by a tree. At the time of the trip, the Energy Control System (ECS) Department was conducting a Energy Management System (EMS) failover, which caused EMS to produce hundreds of alarms (a normal effect of a failover). The failover also temporarily disabled PSE's mapboard function (also a common event during a failover). Because the alarms associated with the trip occurred at the same time as the alarms associated with the EMS failover and because the mapboard was unavailable, PSE's power dispatchers did not discover that the line had tripped until approximately 13:55 as they were in the process of reviewing and acknowledging the alarms associated with the failover. At that point, they began making the necessary notifications and dispatched a line patrol at 14:00.

At the time of the trip, PSE's Sumas generation plant was generating at 128.5 MW and the seasonal rating communicated to the WECC Reliability Coordinator (RC) as the System Operating Limit (SOL) in effect for PSE's Sumas-Lynden 115kV line, the single remaining transmission line carrying the plant's output, was 110 MVA. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 13:36, the time that the Sumas-Bellingham line tripped. However, the power dispatchers did not immediately note this SOL exceedance, again because the alarms associated with the exceedance occurred at the same time as the alarms caused by the EMS failover. Once the power dispatchers confirmed that an SOL exceedance had occurred, one of them directed the Sumas plant to reduce its output to 100 MW in order to reduce the loading on the Sumas-Lynden line under the SOL limit of 110 MVA. The loading on Sumas-Lynden line exceeded the SOL until 14:17, when the plant's output dropped enough to take the loading on the Sumas-Lynden line to under the SOL. The Sumas-Bellingham line was returned to service at 15:19, following removal of the tree. PSE's power dispatchers made all necessary reports to the Reliability Coordinator concerning the line trip and resulting SOL violation.

Potential Impact to the Bulk Power System: PSE had its summer ratings in effect at the time of this event. Those ratings are based on an ambient temperature of 86 degrees Fahrenheit. At the time of the event, however, the ambient temperature in the area was 60 degrees Fahrenheit. At that temperature, PSE's spring/fall rating (based on 68 degrees Fahrenheit) of 144 MVA more accurately reflects the line's capacity. As a result, the Sumas-Lynden 115kV line did not experience an actual overload during this event.

Self Report - 2012

Additional Comments		
From	Comment	User Name
Entity	<p>PSE bases its SOLs on its three seasonal ratings, Summer, Spring/Fall and Winter, and selects the applicable rating based on prevailing ambient temperatures in its operating area. When PSE changes its seasonal limits, it provides notice of that change to the WECC RC via e-mail. At the time of this event, weather forecasts for PSE's operating area indicated that a few temperatures might exceed 68 degrees Fahrenheit, so PSE left the most-conservative Summer ratings in effect. However, had PSE changed to the Spring/Fall ratings and communicated that change to the WECC RC, which it did the following day, 09/27/2012, at 07:30, this event would not have resulted in an SOL exceedance.</p> <p>Because the line in question is below 200kV, and has not been designated by the RRO as critical to the reliability of the electric system in the region, FAC-003-1 is not in scope for the events associated with this self-report.</p>	Edwin Croft

Mitigation Plan

Registered Entity: Puget Sound Energy, Inc.

<u>Mit Plan Code</u>	<u>NERC Violation ID</u>	<u>Requirement</u>	<u>Violation Validated On</u>	<u>Mit Plan Version</u>
WECCMIT008421	WECC2012011189	TOP-008-1 R1	12/03/2012	1

Mitigation Plan Submitted On: December 04, 2012

Mitigation Plan Accepted On:

Mitigation Plan Proposed Completion Date: December 30, 2012

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by PSE On:

Mitigation Plan Completion Verified by WECC On:

Mitigation Plan Completed? (Yes/No): No

Section A: Compliance Notices

Section 6.2 of the NERC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.
 - (11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.
- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
 - This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
 - If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
 - Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
 - Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
 - The user has read and accepts the conditions set forth in these Compliance Notices.

Section B: Registered Entity Information

B.1 Identify your organization:

Entity Name: Puget Sound Energy, Inc.

NERC Compliance Registry ID: NCR05344

Address: 355 110th Ave NE
Bellevue WA 98004

B.2 Identify the individual in your organization who will serve as the Contact to the Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan:

Name: Ed Croft

Title: Manager, Compliance & Regulatory Audits - Electric

Email: ed.croft@pse.com

Phone: 425-462-3608

Section C: Identification of Reliability Standard Violation(s) Associated with this Mitigation Plan

C.1 This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

Violation ID	Date of Violation	Requirement
Requirement Description		
WECC2012011189	09/26/2012	TOP-008-1 R1
The Transmission Operator experiencing or contributing to an IROL or SOL violation shall take immediate steps to relieve the condition, which may include shedding firm load.		

C.2 Brief summary including the cause of the violation(s) and mechanism in which it was identified above:

On 09/26/2012, at 13:36, Puget Sound Energy's (PSE) Sumas-Bellingham 115kV line tripped due to a fault caused by a tree. At the time that the line tripped, the Energy Control System (ECS) Department was conducting a Energy Management System (EMS) failover, which caused EMS to produce hundreds of alarms (a normal effect of a failover). The failover also temporarily disabled PSE's mapboard function (also a common event during a failover). Because the alarms associated with the trip occurred at the same time as the alarms associated with the EMS failover and because the mapboard was unavailable, PSE's power dispatchers did not discover that the line had tripped until approximately 13:55 as they were in the process of reviewing and acknowledging the alarms associated with the failover. At that point, they began making the necessary notifications and dispatched a line patrol at 14:00.

At the time of the trip, PSE's Sumas generation plant was generating at 128.5 MW and the seasonal rating communicated to the WECC Reliability Coordinator (RC) as the System Operating Limit (SOL) in effect for PSE's Sumas-Lynden 115kV line, the single remaining transmission line carrying the plant's output, was 110 MVA. As a result, loading on the Sumas-Lynden line exceeded its SOL beginning at 13:36, the time that the Sumas-Bellingham line tripped. However, the power dispatchers did not take immediate action to relieve this SOL exceedance as required by requirement R1 of TOP-008-1, because the alarms associated with the exceedance occurred at the same time as the alarms caused by the EMS failover, resulting in a delay in identifying the SOL exceedance. Once the power dispatchers confirmed that an SOL exceedance had occurred, one of them directed the Sumas plant to reduce its output to 100 MW in order to reduce the loading on the Sumas-Lynden line under the SOL limit of 110 MVA. The loading on Sumas-Lynden line exceeded the SOL until 14:17, when the plant's output dropped enough to take the loading on the Sumas-Lynden line to under the SOL. The Sumas-Bellingham line was returned to service at 15:19, following removal of the tree. PSE's power dispatchers made all necessary reports to the Reliability Coordinator concerning the line trip and resulting SOL violation. This proposed mitigation plan includes actions to identify and minimize and/or prioritize alarms received during EMS failovers.

C.3 Provide any relevant information regarding the identification of the violation(s) associated with this Mitigation Plan:

Additional investigation of this event revealed that, once the power dispatchers observed the alarm associated with the SOL, the power dispatchers delayed action for an additional period of time (approximately 10 minutes) for two reasons.

First, the power dispatchers checked ambient temperatures in the area of the Sumas-Lynden line, which were below those associated with both summer and spring/fall ratings. At 144 MVA, the spring/fall rating on the Sumas-Lynden line is capable of carrying the entire output of the Sumas generation plant, 135 MW. At the time of the event, the plant's output was 128.5 MW. In the past, PSE provided its power dispatchers with the flexibility to recognize actual conditions in the field while responding to facility rating exceedances. However, as of 06/04/2012, with the WECC Reliability Coordinator's revised SOL Methodology and the revised procedures that PSE developed in response to the new SOL Methodology, all of PSE's facility ratings are SOLs. As a result, PSE now requires its power dispatchers to immediately respond to any line loading that exceeds the seasonal rating in effect and communicated to the Reliability Coordinator as an SOL in compliance with the applicable reliability standard requirements. As a result, PSE's proposed mitigation plan includes actions to reinforce the need to comply with the requirements applicable to SOLs for all valid alarms associated with line loading that exceeds the seasonal rating in effect.

Second, while PSE's day-ahead studies identified the fact that a trip of the Sumas-Bellingham line was a contingency for the Sumas-Lynden line while summer ratings were in effect, the operations planning staff and some of the power dispatchers on duty the day of this event incorrectly believed that an automatic runback scheme was in place to protect against this event. While there is such a runback scheme protecting the Sumas-Bellingham line, there is not a runback scheme associated with the Sumas-Lynden line. It appears that this confusion also contributed to the power dispatchers' delay in taking action to lower the loading on the Sumas-Lynden line to below the summer rating. PSE's proposed mitigation plan includes actions to clarify that the generation runback scheme protects only the Sumas-Bellingham line, and not the Sumas-Lynden line.

PSE is submitting an additional proposed mitigation plan concerning the same incident under requirement R1 of TOP-004-2.

Section D: Details of Proposed Mitigation Plan

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violation(s) identified above in Section C.1 of this form:

PSE's proposed mitigation plan includes the following activities:

1. Providing a reminder to the power dispatchers that PSE must comply with the requirements applicable to SOLs for all valid alarms associated with line loading that exceeds the seasonal rating in effect.
2. Providing clarification to the power dispatchers that there is no generation runback scheme protecting the Sumas-Lynden line.
3. Providing a must-read requiring all of PSE's power dispatchers to review information regarding this event, including this proposed mitigation plan, the proposed mitigation plan for the associated violation of requirement R1 of TOP-004-1 and a reminder that the weekly outage report lists contingencies identified during PSE's study processes.
4. Investigating whether the alarms that PSE receives during an EMS failover can be minimized or prioritized to assist the power dispatchers to more quickly recognize and respond to system conditions during a failover.
5. Implementing corrective action to minimize and/or prioritize the alarms that PSE receives during an EMS failover.

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

Proposed Completion date of Mitigation Plan: December 30, 2012

- D.3 Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Description	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
SOL Reminder	Distribution of an e-mail reminding the power dispatchers that PSE must comply with the requirements	09/27/2012	

Milestone Activity	Description	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
	applicable to SOLs for all valid alarms associated with line loading that exceeds the seasonal rating in effect.		
Runback Scheme Clarification	Distribution of an e-mail to the power dispatchers clarifying that there is no generation runback scheme protecting the Sumas-Lynden line.	10/03/2012	
Must-Read	Distribution of a must-read requiring all of PSE's power dispatchers to review information regarding this event.	12/17/2012	
Investigate Failover Alarms	Completion of an investigation of potential minimization and/or prioritization of alarms associated with EMS failovers.	12/17/2012	
Failover Alarm Corrective Action	Implementation of corrective action to minimize and/or prioritize alarms associated with EMS failovers.	12/30/2012	

D.4 Additional Relevant Information (Optional)

Section E: Interim and Future Reliability Risk

E.1 Abatement of Interim BPS Reliability Risk

While your organization is implementing the Mitigation Plan proposed in Section D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

Until PSE fully implements its plan to minimize and/or prioritize alarms received during EMS failovers, it is possible that there could be a similar delay in recognizing a future alarm associated with an SOL. In order to minimize this possibility, PSE has already partially implemented its plan to minimize alarms associated with EMS failovers, which has substantially reduced the occurrence of such alarms.

E.2 Prevention of Future BPS Reliability Risk

Describe how successful completion of the Mitigation Plan as laid out in Section D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Completion of this proposed mitigation plan will minimize the probability that PSE will fail to immediately respond to SOLs by allowing the power dispatchers to more quickly recognize and respond to system conditions during EMS failovers. In addition, by reinforcing the power dispatchers' understanding of the new SOL methodology, PSE will minimize the probability that the power dispatchers will delay response to valid SOL alarms.

The proposed mitigation plan associated with requirement R1 of TOP-004-2 will also serve to prevent or minimize the probability that PSE will incur further violations of this or similar reliability standard requirements in the future.

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Section D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Section C.1, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

Section F: Authorization

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and
- (b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- (c) Acknowledges:
 1. I am Manager, Compliance & Regulatory Audits - Electric of Puget Sound Energy, Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of Puget Sound Energy, Inc.
 3. I have read and understand Puget Sound Energy, Inc.'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Puget Sound Energy, Inc. Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature: _____
(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Authorized Individual

Name: Ed Croft

Title: Manager, Compliance & Regulatory Audits - Electric

Authorized On: May 23, 2011

Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for the Regional Entity to verify completion of the Mitigation Plan. The Regional Entity may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Puget Sound Energy, Inc.

NERC Registry ID: NCR05344

NERC Violation ID(s): WECC2012011189

Mitigated Standard Requirement(s): TOP-008-1 R1,

Scheduled Completion as per Accepted Mitigation Plan: December 30, 2012

Date Mitigation Plan completed: December 27, 2012

WECC Notified of Completion on Date: January 26, 2013

Entity Comment:

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	TOP-008 Mitigation Completion Portfolio.pdf		3,014,484

I certify that the Mitigation Plan for the above named violation(s) has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Sue McLain

Title: Sr. VP Delivery Operations

Email: sue.mclain@pse.com

Phone: 1 (425) 462-3696

Authorized Signature _____ Date _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)



Chris Luras
Director of Enforcement

(801) 883-6887
cluras@wecc.biz

VIA WECC ENHANCED FILE TRANSFER SERVER

February 19, 2013

Edwin Croft
Manager Compliance & Regulatory
Puget Sound Energy, Inc.
355 110th Ave NE
Bellevue, WA 98004

NERC Registration ID: NCR05344
NERC Violation ID: WECC2012011189

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard TOP-008-1 Requirement 1

Edwin,

The Western Electricity Coordinating Council (WECC) received the Certification of Mitigation Plan Completion submitted by Puget Sound Energy, Inc. (PSE) on January 26, 2013 for the violation of Reliability Standard TOP-008-1 Requirement 1. After a thorough review, WECC has accepted the Certification of Mitigation Plan Completion.

If you have any questions or concerns, please contact Keshav Sarin at ksarin@wecc.biz.

Sincerely,

Chris Luras
Director of Enforcement

CL:dlc

cc: Dianne Gordon, PSE Regulatory Compliance Consultant
Keshav Sarin, WECC Manager, O&P and CIP