



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

February 1, 2010

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

**Re: NERC Notice of Penalty regarding Puget Sound Energy, Inc.
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

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

During a Compliance Audit conducted November 13, 2007 through November 16, 2007 (Audit), the WECC Audit Team (Audit Team) identified possible violations of Reliability Standards FAC-003-1 Requirement (R) 1, COM-001-1 R2, EOP-001-0 R6 and TOP-007-0 R1 for PSEI's failure to: 1) train all personnel directly involved in the design and implementation of the formal transmission vegetation management program (TVMP); 2) test telecommunications equipment; 3) annually review, update and provide copies of ten emergency plans to appropriate parties; and 4) inform its Reliability Coordinator when an interconnection reliability operating limit (IROL) or system operating limit (SOL) has been exceeded and the actions being taken to return the

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III 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 (2008). *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 On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including PSEI. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

³ Western Electricity Coordinating Council (WECC) confirmed that PSEI was included on the NERC Compliance Registry as a Balancing Authority, Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Planning Authority, Purchasing-Selling Entity, Resource Planner, Transmission Operator, Transmission Owner, Transmission Planner and Transmission Service Provider on June 17, 2007. As a Transmission Owner, PSEI is subject to the requirements of NERC Reliability Standard FAC-003-1; as a Balancing Authority and Transmission Operator, PSEI is subject to the requirements of COM-001-1 and EOP-001-0; and as a Transmission Operator, PSEI is subject to the requirements of TOP-007-0.

⁴ *See* 18 C.F.R. § 39.7(c)(2).

system to within limits. After reviewing the evidence, WECC Enforcement Staff (Enforcement Staff) dismissed the alleged violations of COM-001-1 R2 and TOP-007-0 R1.⁵

This Notice of Penalty is being filed with the Commission because, based on information from WECC, WECC and PSEI have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of the enforceable alleged violations of FAC-003-1 R1 and EOP-001-0 R6. According to the Settlement Agreement, PSEI neither admits nor denies the alleged violations, but has agreed to the proposed penalty of fifty thousand dollars (\$50,000) to be assessed to PSEI, 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 alleged violations identified as NERC Violation Tracking Identification Numbers WECC200700495 and WECC200700497 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on July 6, 2009, by and between WECC and PSEI, which is included as Attachment b. 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 (2007), NERC provides the following summary table identifying each alleged 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 (\$)
WECC	Puget Sound Energy, Inc.	NOC-221	WECC200700495	FAC-003-1	1/1.3	High	\$50,000
			WECC200700497	EOP-001-0	6	Medium	

FAC-003-1 R1

The purpose of Reliability Standard FAC-003-1 is to improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along transmission ROW, and

⁵ For COM-001-1 R2, it was initially unclear whether a cell phone had been tested, but based upon review of the Audit report and PSEI's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction, WECC determined that PSEI had presented sufficient documentation to demonstrate that the cell phone had in fact been tested pursuant to the Standard prior to the Compliance Audit. For TOP-007-0 R1, WECC Enforcement determined that TOP-007-0 is an event-driven Standard; requiring reporting to the Reliability Coordinator only in the event an SOL is exceeded. A review of the evidence indicated that no event had occurred to trigger the reporting requirement, and therefore, WECC Enforcement determined to dismiss the violation.

reporting vegetation related outages of the transmission systems to the respective Regional Entities (REs) and NERC.

FAC-003-1 R1 requires a Transmission Owner, such as PSEI, to prepare, and keep current, a formal TVMP. The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work specifications.⁶ Specifically, R1.3 requires all personnel directly involved in the design and implementation of the TVMP to hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties. FAC-003-1 R1 and R1.3 each have a "High" Violation Risk Factor (VRF).

During the Audit, PSEI provided its *Transmission Vegetation Management Plan, Version 2*, dated October 23, 2007, which required PSEI to train all contractors and employees responsible for identifying and reporting imminent danger conditions. The TVMP stated that PSEI shall employ and contract with qualified personnel, and that those individuals, through training and experience, will have demonstrated the ability to safely perform assigned duties. In addition, during the Audit, PSEI presented its *Vegetation Management NERC Standard Manual, Imminent Threat Training*, dated June 1, 2007. PSEI failed to provide evidence that it had trained its employees or contractors pursuant to these procedures. However, PSEI indicated to the Audit Team it had performed informal training. In addition, PSEI provided the Audit Team with a schedule of formal training to be completed by the end of 2007. Consequently, the Audit Team determined that PSEI had a possible violation of FAC-003-1 R1 because PSEI failed to demonstrate it fully trained its personnel and contractors on vegetation management as required by the Standard.

After reviewing the evidence, WECC Enforcement Staff concluded that there was an alleged violation of FAC-003-1 R1 and that the duration of the alleged violation was from June 18, 2007, when the Standard became enforceable, through December 21, 2007, when PSEI completed its Mitigation Plan.

EOP-001-0 R6

The purpose of Reliability Standard EOP-001-0 is for each Transmission Operator and Balancing Authority to develop, maintain, and implement a set of plans to mitigate operating emergencies. These plans need to be coordinated with other Transmission Operators and Balancing Authorities, and the Reliability Coordinator.

EOP-001-0 R6 requires each Transmission Operator and Balancing Authority, such as PSEI, to annually review and update each emergency plan. The Transmission Operator and Balancing Authority shall provide a copy of its updated emergency plans to its Reliability Coordinator and to neighboring Transmission Operators and Balancing Authorities. EOP-001-0 R6 has a "Medium" VRF.

During the Audit, the Audit Team discovered a possible violation of EOP-001-0 R6 because PSEI provided a set of documents which constitute its emergency plans that were not annually

⁶ ANSI A300, Tree Care Operations – Tree, Shrub, and Other Woody Plant Maintenance – Standard Practices, while not a requirement of this Standard, is considered to be an industry best practice.

reviewed or updated. One of the documents provided, *Puget Sound Area Voltage Collapse Plan*, had been last updated on October 4, 2006. This document was not under review or revision at the time of the Audit because PSEI believed the term “annually” referred to a calendar year. However, the Audit Team determined the Standard referenced the previous 365 days. As EOP-001-0 R6 requires annual review of an entity's emergency plans, the Audit Team found PSEI was not annually reviewing its emergency plans. Further, PSEI identified ten documents which comprise its emergency plans, but PSEI provided evidence showing that only four of the ten emergency plan documents were shared with the Reliability Coordinator.

After reviewing the results of the Audit and the evidence presented by PSEI, Enforcement Staff concluded that there was an alleged violation of EOP-001-0 R6. WECC determined the duration of the alleged violation was from June 18, 2007, when the Standard became enforceable, through May 27, 2008, when PSEI completed its Mitigation Plan.

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 alleged violations. In reaching this determination, WECC considered the following mitigating factors: (1) the violations constituted PSEI's first occurrence of violations of the applicable NERC Reliability Standards; (2) PSEI's Internal Compliance Program (ICP) was well-documented; (3) PSEI has named and staffed an ICP oversight position that has independent access to the CEO and Board of Directors; (4) PSEI operates and manages the ICP so that it is independent from personnel responsible for compliance with the Reliability Standards; (5) the ICP includes appropriate and sufficient training for all staff; (6) the ICP has internal controls including self-assessment and self-enforcement to help prevent reoccurrence of Reliability Standard violations; (7) ICP mitigated each of the alleged violations and was cooperative throughout the Compliance process; and (8) there was no evidence of intent or of any attempt to conceal a violation.

After consideration 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 alleged violations.

Status of Mitigation Plan⁷

FAC-003-1 R1

PSEI's Mitigation Plan to address its alleged violation of FAC-003-1 R1 was signed on November 29, 2007 and was submitted to WECC on November 30, 2007 with a proposed completion date of December 21, 2007. The Mitigation Plan was accepted by WECC on December 19, 2007 and approved by NERC on August 27, 2009. The Mitigation Plan for this alleged violation is designated as MIT-07-0579 and was submitted as non-public information to FERC on August 27, 2009 in accordance with FERC orders.

PSEI's Mitigation Plan required PSEI to train staff and contractors identified in its TVMP on the TVMP's imminent threat process. In order to become compliant, PSEI had completed formal

⁷ See 18 C.F.R § 39.7(d)(7).

training regarding imminent threat procedures. Training included all power dispatchers as well as field personnel who monitor transmission line conditions.⁸ PSEI would also record employee signatures as training was completed.

On December 21, 2007, PSEI certified to WECC that it completed its Mitigation Plan on December 20, 2007.⁹ To demonstrate compliance and show that identified staff and contractors were trained, PSEI provided WECC with its *230 kV Vegetation Reporting Procedures* dated October 16, 2007 and *2007 Vegetation Management Imminent Threat Training Schedule* dated November 16, 2007 to December 20, 2007.

On February 25, 2008, after WECC's review of PSEI's submitted evidence, WECC verified that PSEI's Mitigation Plan was completed on December 21, 2007 and notified PSEI in a letter dated October 1, 2008¹⁰ that it was in compliance with FAC-003-1 R1.

EOP-001-0 R6

PSEI's Mitigation Plan to address its alleged violation of EOP-001-0 R6 was signed on November 28, 2007 and November 29, 2007 and was submitted to WECC on November 30, 2007 with a proposed completion date of May 27, 2008. The Mitigation Plan was accepted by WECC on December 19, 2007 and approved by NERC on November 4, 2009. The Mitigation Plan for this alleged violation is designated as MIT-07-0519 and was submitted as non-public information to FERC on November 4, 2009 in accordance with FERC orders.

PSEI's Mitigation Plan required PSEI to review and update all ten of its company emergency plans and share these plans with neighboring Balancing Authorities and Transmission Operators and with the Reliability Coordinator:

- *Puget Sound Area Voltage Collapse Procedures*
- *Manual Load Shedding Plan*
- *Underfrequency Load Shedding Plan*
- *Undervoltage Load Shedding Plan*
- *System Restoration Plan*
- *Energy Emergency Plan*
- *Backup Control Center Plan*
- *Voltage Control Procedure*
- *Reactive Control Procedure*
- *Load Office Procedures Manual – Emergency Operations 1 Procedure – Planning*

⁸ In the TVMP, PSE has defined personnel needing training to include the following: PSEI Electric First Response Areas Supervisors; PSEI Service Linemen; PSEI Load Office employees; specific Vegetation Management employees; specific Quality Assurance/Quality Control employees; and the Vegetation Management Contractor personnel.

⁹ In the Certification of Completion, PSEI states "Some employees are unavailable for training due to a variety of reasons. If the personnel were on vacation or off shift for a significant time period, training will be completed by end of January. If the personnel were on disability, training will occur when they return to work." During WECC's review, PSEI provided an updated employee sign-in sheet showing that all employees have completed the necessary training.

¹⁰ WECC's verification letter is incorrectly dated September 30, 2008.

PSEI's Mitigation Plan also required that PSEI to implement a compliance tracking tool to monitor and track completion of activities per internal deadlines.

On May 27, 2008, PSEI certified to WECC that it completed its Mitigation Plan on May 27, 2008. To demonstrate compliance, PSEI provided WECC with a copy of all ten updated emergency plans. PSEI provided all the emergency plans listed and showed they had been updated within 12 months. In particular, *Puget Sound Area Voltage Collapse Procedure* (name now changed to *West of Cascade North Operating Procedure*) was updated on December 10, 2007. All applicable PSEI emergency plans were sent to neighboring Balancing Authorities and Transmission Operators on December 21, 2007. In addition, the appropriate information was shared with the Reliability Coordinator.

On July 15, 2008, after WECC's review of PSEI's submitted evidence, WECC verified that PSEI's Mitigation Plan was completed on May 27, 2008 and notified PSEI in a letter dated July 18, 2008 that it was in compliance with EOP-001-0 R6.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹¹

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 Guidance Order,¹² the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on December 9, 2009. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of fifty thousand dollars (\$50,000) against PSEI 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 alleged violations at issue.

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

- (1) the violations constituted PSEI's first occurrence of violations of the applicable NERC Reliability Standards;
- (2) WECC reported PSEI has a well-documented ICP and commitment to a culture of compliance as discussed above; and
- (3) there was no evidence of intent nor of any attempt to conceal a violation.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of fifty thousand dollars (\$50,000) is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system.

¹¹ See 18 C.F.R. § 39.7(d)(4).

¹² *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

Pursuant to Order No. 693, 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.

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 and material:

- a) WECC Audit Report, Public Version Screen Shots, for FAC-003-1 R1 and EOP-001-0 R6 showing a deemed date of November 15, 2007, included as Attachment a;
- b) Settlement Agreement by and between PSEI and WECC executed July 6, 2009, included as Attachment b;
- c) PSEI's Mitigation Plan designated as MIT-07-0579 for the alleged violation of FAC-003-1 R1 submitted November 30, 2007, included as Attachment c;
- d) PSEI's Certification of Completion of the Mitigation Plan for the alleged violation of FAC-003-1 R1 submitted December 21, 2007, included as Attachment d;
- e) WECC's Verification of Completion of the Mitigation Plan for the alleged violation of FAC-003-1 R1 dated October 1, 2008, included as Attachment e;
- f) PSEI's Mitigation Plan designated as MIT-07-0519 for the alleged violation of EOP-001-0 R6 submitted November 30, 2007, included as Attachment f;
- g) PSEI's Certification of Completion of the Mitigation Plan for the alleged violation of EOP-001-0 R6 submitted May 27, 2008, included as Attachment g; and
- h) WECC's Verification of Completion of the Mitigation Plan for the alleged violation of EOP-001-0 R6 dated July 18, 2008, included as Attachment h.

A Form of Notice Suitable for Publication¹³

A copy of a notice suitable for publication is included in Attachment i.

¹³ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Catherine Koch* Manager Energy Resource Compliance Puget Sound Energy, Inc. (425) 462-3877 (425) 462-3770 – facsimile Cathy.Koch@pse.com</p> <p>*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.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262</p> <p>Louise McCarren* Chief Executive Officer (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Christopher Luras* Manager of Compliance Enforcement (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p>
---	--

Conclusion

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

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, N.J. 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

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


Attachments

Attachment a

**WECC Audit Report, Public Version Screen
Shots, for FAC-003-1 R1 and EOP-001-0 R6
showing a deemed date of November 15, 2007**

WECC Compliance Database

Post June 18th Violations



Western Electricity Coordinating Council

Compliance and Registration Database

Post Violations Tracking and Reporting

Region: WECC

Violation Date: 11/15/2007

WECC ID: PSE_WECC2007512

Entity: Puget Sound Energy, Inc.

Acronym: PSE

Registry ID: NCR05344

NERC violation ID: WECC200700495

Standard: FAC-003-1

Transmission Vegetation Management Program

48HR REPORT REQUIRED

Disposition

Final Record

Mitigation Plan

RAD and RAD Appeal

Internal Notes

Pre-June 18

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 1

Repeat Alleged Violation? ☐

Initial Determination by Region: 12/8/2007

Reporting Method: Compliance Audit

On Site Audit ☒ Off Site Audit ☐

Deemed Date: 11/15/2007

Violation Level: LNC - Level 1

Violation Risk Factor: HIGH

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:
Employees and contractors are not trained in imminent threat reporting procedures as required by R1.5.

Regional Contact Person: Looock, Jay

Applicable Functions: TO

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:
Severe impact. The oversight of this training could hinder the entity's ability to respond to imminent threats to reliability.

ID sent to Entity: 12/9/2007

Additional Comments

Close

Form View

Num Lock Filtered

start

WECC Compliance Da...

Desktop

WECC200700497 - R6


Puget

2009-07-07 - Settlem...

3:23 PM

WECC Compliance Database

Post June 18th Violations



Western Electricity Coordinating Council

Compliance and Registration Database

Post Violations Tracking and Reporting

Region: WECC

Violation Date: 11/15/2007

WECC ID: PSE_WECC2007514

Entity: Puget Sound Energy, Inc.

Acronym: PSE

Registry ID: NCR05344

NERC violation ID: WECC200700497

Standard: EOP-001-0

Emergency Operations Planning

Disposition

Final Record

Mitigation Plan

RAD and RAD Appeal

Internal Notes

Pre-June 18

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 5

Repeat Alleged Violation? ☐

Initial Determination by Region: 12/8/2007

Reporting Method: Compliance Audit

On Site Audit ☒

Off Site Audit ☐

Deemed Date: 11/15/2007

Violation Level: LNC - Level 1

Violation Risk Factor: MEDIUM

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:
Puget Sound Area Voltage Collapse Plan has not been reviewed for over a year.

Regional Contact Person: Wells, Mike

Applicable Functions: BA, TOP

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:
(Minimal impact, the document has been reviewed previously) but has not met the annual requirement.

ID sent to Entity: 12/9/2007

Additional Comments

Close

Form View

Num Lock Filtered

start

WECC Compliance Da...

Desktop

WECC200700497 - R6

Puget

2009-07-07 - Settle...

Document1 - Microsof...

3:24 PM

Attachment b

**Settlement Agreement by and between PSEI and
"*****"WECC executed July 6, 2009**

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

Western Electricity Coordinating Council ("WECC") and Puget Sound Energy, Inc. ("PSEI") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 6th day of July, 2009.

RÉCITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public Compliance Audit of PSEI by WECC on November 13-16, 2007 that resulted in a Notice of Alleged Violation sent May 19, 2008 addressing four (4) alleged PSEI violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards"): COM-001-1 R2, EOP-001-0 R6, FAC-003-1 R1, and TOP-007-0 R1.

B. PSEI is a Washington corporation engaged in providing service to over 1,000,000 retail electric customers and 700,000 retail natural gas customers in eight counties around the greater Puget Sound region and parts of one county east of the Cascade Mountains. Its corporate headquarters are located at 10885 NE 4th Street, PSE-12, Bellevue, WA, 98004. PSEI electric utility assets include transmission system voltages of 230 kV, 115 kV and 55 kV. The majority of the PSEI transmission system is operated at 115 kV and it is the source for PSEI distribution substations. The greater part of the 230 kV transmission system is located at interconnections with the Bonneville Power Administration. At the time of the audit, PSEI owned and operated a 230 kV system comprised of 324 miles of line; a 115 kV system with a total of 1,645 miles of line; and a 55 kV system with a total of 207 miles of line. At the time of the November 2007 Compliance Audit, PSEI was registered on the NERC Compliance Registry as a Balancing Authority, Transmission Planner, Transmission Owner, Distribution Provider, Transmission Operator, Planning Authority, and Transmission Service Provider, Load Serving Entity, Generator Operator, Generator Owner, Purchasing Selling Entity and Resource Planner.

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.

D. The Parties are entering into this Agreement to settle the disputed matters between them. The Parties believe that resolving the disputed matters covered in this Agreement will facilitate continuing compliance with applicable Reliability Standards, including documentation and process improvements. 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. Nothing contained in this Agreement shall be construed as an admission or waiver of either Party's rights. Nothing in this Agreement shall limit or prevent WECC from evaluating PSEI for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action may include assessing penalties against PSEI for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

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

I. Representations of the Parties

For purposes of this Agreement, PSEI stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that PSEI has Confirmed Violations, as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail.

II. Confirmed Violations

A. NERC Reliability Standard EOP-001-0, Requirement 6

R6: *The Transmission Operator and Balancing Authority shall annually review and update each emergency plan. The Transmission Operator and Balancing Authority shall provide a copy of its updated emergency plans to its Reliability Coordinator and to neighboring Transmission Operators and Balancing Authorities.*

NERC Reliability Standard EOP-001-0 R6 is applicable to Transmission Operators and Balancing Authorities. PSEI is subject to the Standard because it was registered as a Transmission Operator and Balancing Authority on NERC's Compliance Registry on June 17, 2007.

At WECC's November 13-16, 2007 Compliance Audit, PSEI provided a set of documents which constitute its emergency plan. One of the documents provided, "PSEI's Puget Sound Area Voltage Collapse Plan," was last updated on October 4, 2006. This document was not under review or revision at the time of the audit, but it became clear that PSEI believed the term "annually" referred to a calendar year, whereas the WECC auditors presumed it referenced the previous 365 days. As EOP-

001-0 R6 requires annual review of an entity's emergency plans, WECC found PSEI was not annually reviewing its emergency plans.

Further, PSEI identified ten documents which comprise its emergency plan, but PSEI provided evidence showing that only four of the ten emergency plan documents were shared with the Reliability Coordinator.

The WECC Enforcement Department (Enforcement) reviewed the findings of the audit team and verified that PSEI was in violation of EOP-001-1 R6 because it failed to review, update, and distribute its emergency plan as required by the Standard. Based upon its independent review of the record, Enforcement concluded that the period of time for this violation was from June 18, 2007 through May 27, 2008 when the mitigation plan was completed.

PSEI's mitigation plan for EOP-001-0 R6 was submitted to WECC on November 29, 2007, and was accepted by WECC on December 19, 2007. In order to become compliant, PSEI reviewed and updated all ten of its company emergency plans: Puget Sound Area Voltage Collapse Procedures; Manual Load Shedding Plan; Underfrequency Load Shedding Plan; Undervoltage Load Shedding Plan; System Restoration Plan; Energy Emergency Plan; Backup Control Center Plan; Voltage Control Procedure; Reactive Control Procedure; and Load Office Procedures Manual. In addition, the appropriate information has been shared with the Reliability Coordinator. PSEI's mitigation plan was completed on May 27, 2008. WECC reviewed PSEI's completion documentation and determined that there was sufficient evidence provided to find PSEI in compliance with this Standard.

B. NERC Reliability Standard FAC-003-1, Requirement 1

R1. *The Transmission Owner shall prepare, and keep current, a formal transmission vegetation management program (TVMP). The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work Specifications. 1. ANSI A300, Tree Care Operations – Tree, Shrub, and Other Woody Plant Maintenance – Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.*

R1.1. *The TVMP shall define a schedule for and the type (aerial, ground) of ROW vegetation inspections. This schedule should be flexible enough to adjust for changing conditions. The inspection schedule shall be based on the anticipated growth of vegetation and any other environmental or operational factors that could impact the relationship of vegetation to the Transmission Owner's transmission lines.*

R1.2. *The Transmission Owner, in the TVMP, shall identify and document clearances between vegetation and any overhead, ungrounded supply conductors, taking into consideration transmission line voltage, the effects of ambient temperature on conductor sag under maximum design loading, and the effects of wind velocities on conductor sway. Specifically, the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and*

maintain a set of clearances identified herein as Clearance 2 to prevent flashover between vegetation and overhead ungrounded supply conductors.

R1.2.1. *Clearance 1 — The Transmission Owner shall determine and document appropriate clearance distances to be achieved at the time of transmission vegetation management work based upon local conditions and the expected time frame in which the Transmission Owner plans to return for future vegetation management work. Local conditions may include, but are not limited to: operating voltage, appropriate vegetation management techniques, fire risk, reasonably anticipated tree and conductor movement, species types and growth rates, species failure characteristics, local climate and rainfall patterns, line terrain and elevation, location of the vegetation within the span, and worker approach distance requirements. Clearance 1 distances shall be greater than those defined by Clearance 2 below.*

R1.2.2. *Clearance 2 — The Transmission Owner shall determine and document specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions. These minimum clearance distances are necessary to prevent flashover between vegetation and conductors and will vary due to such factors as altitude and operating voltage. These Transmission Owner-specific minimum clearance distances shall be no less than those set forth in the Institute of Electrical and Electronics Engineers (IEEE) Standard 516-2003 (Guide for Maintenance Methods on Energized Power Lines) and as specified in its Section 4.2.2.3, Minimum Air Insulation Distances without Tools in the Air Gap.*

R1.2.2.1. *Where transmission system transient overvoltage factors are not known, clearances shall be derived from Table 5, IEEE 516-2003, phase-to-ground distances, with appropriate altitude correction factors applied.*

R1.2.2.2. *Where transmission system transient overvoltage factors are known, clearances shall be derived from Table 7, IEEE 516-2003, phase-to-phase voltages, with appropriate altitude correction factors applied.*

R1.3. *All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.*

R1.4. *Each Transmission Owner shall develop mitigation measures to achieve sufficient clearances for the protection of the transmission facilities when it identifies locations on the ROW where the Transmission Owner is restricted from attaining the clearances specified in Requirement 1.2.1.*

R1.5. *Each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc.) may be taken until the threat is relieved.*

NERC Reliability Standard FAC-003-1 R1 is applicable to Transmission Owners. PSEI is subject to the Standard because it was registered as a Transmission Owner on NERC's Compliance Registry on June 17, 2007.

At the November 2007 Compliance Audit PSEI provided documentation of its vegetation management and related training plans. Specifically, PSEI's *Transmission Vegetation Management Plan*, Version 2, dated October 23, 2007 ("TVMP") requires PSEI to train all contractors and employees responsible for identifying and reporting imminent danger conditions. The TVMP states that PSEI shall employ and contract with qualified personnel, and that those individuals, through training and experience, will have demonstrated the ability to safely perform assigned duties. In addition, during the November 2007 Compliance Audit PSEI presented its *Vegetation Management NERC Standard Manual, Imminent Threat Training*, dated June 1, 2007, which states,

[t]o assure compliance with the Imminent Threat Notification process of PSE's NERC Vegetation Management Transmission Standard, the following actions will be performed: Training of PSE 230 kV Vegetation Reporting Procedures will be conducted by qualified PSE Vegetation Management personnel and attended by all Contract and PSE employees responsible for the task of identification and reporting imminent danger conditions on PSE's 230 kV systems.

As of the date of the audit, PSEI failed to provide evidence that it had trained (R1.3) its employees or contractors pursuant to these procedures. However, PSEI indicated it had performed informal training and that the auditors were so informed during the November 2007 Compliance Audit. In addition, upon request of the auditors, PSEI provided the auditors with a schedule of formal training to be completed by the end of 2007. PSEI completed this training as scheduled.

The WECC Enforcement Department (Enforcement) reviewed the findings of the audit team and verified that PSEI has a Confirmed Violation of FAC-003-1 R1 because PSEI failed to demonstrate that it had fully trained its personnel on vegetation management. Based upon its independent review of the record, Enforcement concluded that the period of time for this violation was from June 18, 2007 through December 21, 2007 when the mitigation plan was completed.

PSEI's mitigation plan for FAC-003-1 was submitted to WECC on November 29, 2007, and accepted by WECC on December 19, 2007. In order to become compliant, PSEI has completed formal training regarding imminent threat procedures. Training included all power dispatchers as well as field personnel who monitor transmission line conditions. PSEI's mitigation plan was completed on December 21, 2007. WECC reviewed PSEI's completion documentation and determined that there was sufficient evidence provided to find PSEI in compliance with this Standard.

III. Dismissed Violations

A. NERC Reliability Standard COM-001-1 R2, Requirement 17

Under COM-001-1 R2, Transmission Operators and Balancing Authorities are required to manage, alarm, test, and/or actively monitor vital telecommunications facilities, particularly emergency facilities and equipment not used for routine communications.

At the November 2007 Compliance Audit, it was unclear whether a cell phone had been tested pursuant to this Standard. Based upon review of the November 2007 Audit report and PSEI's Response to the NAVAPS, WECC determined that PSEI had presented sufficient documentation to demonstrate that the cell phone which was the subject of the Alleged Violation had in fact been tested pursuant to COM-001-1 R2 prior to the November 2007 Audit. Therefore, the Parties agreed to withdraw the violation.

B. NERC Reliability Standard TOP-007-0, Requirement 1

Upon review during the settlement process, the WECC Enforcement Department determined that this is an event-driven standard, requiring reporting to the Reliability Coordinator only in the event an SOL is exceeded. Because a review of the evidence indicated that no event had occurred to trigger the reporting requirement, WECC Enforcement decided to dismiss the violation.

IV. Settlement Terms

To settle this matter, PSEI hereby agrees to pay \$50,000 to WECC via wire transfer or cashier's check. PSEI shall make the funds payable to a WECC account identified in a Notice of Payment that WECC will send to PSEI upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). PSEI shall issue the payment to WECC no later than twenty days after receipt of the Notice of Payment.

WECC's determination of penalties in an enforcement action 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 such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by the Federal Energy Regulatory Commission in Order No. 693 and in its July 3, 2008 Guidance Order.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor and Violation Severity Level, and the risk to the reliability of the Bulk Electric System; (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and

in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

In agreeing to the penalty referred to above, WECC considered the seriousness of each violation, including the applicable Violation Risk Factors and Violation Severity Levels.

In addition, WECC considered several mitigating factors, including the fact that the violations detailed herein represent PSEI's first instance of noncompliance with the applicable Reliability Standards. In addition, PSEI has mitigated each of the three violations and has been cooperative throughout the Compliance process. Finally, during the on-site audit, the Audit Team evaluated PSEI's Internal Compliance Program ("ICP") using the Compliance Program Audit Worksheet. The Audit Team found that: (1) PSEI's ICP was well documented; (2) PSEI has named and staffed an ICP oversight position; (3) the ICP oversight position is supervised at a high level within the company; (4) the ICP oversight position has independent access to the CEO or Board of Directors; (5) PSEI operates and manages the ICP so that it is independent from personnel responsible for compliance with the Reliability Standards; (6) the ICP has sufficient staff and an adequate budget; (7) PSEI senior management support and participate in the ICP; (8) the ICP includes appropriate and sufficient training for all staff; and (9) the ICP has internal controls including self-assessment and self-enforcement to prevent reoccurrence of Reliability Standard violations.

WECC also determined that there were no aggravating factors warranting a higher penalty. Specifically, PSEI did not have any negative compliance history. There was no failure by PSEI to comply with applicable compliance directives, nor any evidence of an attempt by PSEI to conceal a violation. Finally, there was no evidence that PSEI's violations were intentional.

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 Proposed Penalty or Sanction with FERC. If FERC approves the Agreement, NERC will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with PSEI 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.

V. 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 tender, offer or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of PSEI or WECC has been made to induce the signatories or the Parties to enter into the Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. 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. PSEI agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. PSEI waives its right to further hearings and appeal, unless and only to the extent that PSEI 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 PSEI in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that PSEI fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against PSEI up to the maximum penalty allowed by the NERC Rules of Procedure. PSEI 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. 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.

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

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

K. 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.

L. 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 to be affixed to the following page.**

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

CP White Date: 7/1/09
[Name/insert]

Title: Vice President

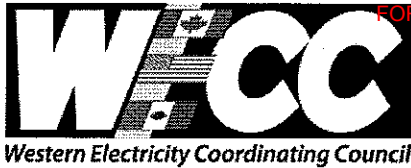
PUGET SOUND ENERGY, INC.

Michael B. Idolby Date: 07-06-09
[Name/insert]

Title: Director Compliance and Safety

Attachment c

PSEI's Mitigation Plan designated as MIT-07-0579 for the alleged violation of FAC-003-1 R1 submitted November 30, 2007



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: November 30, 2007

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review the notices and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

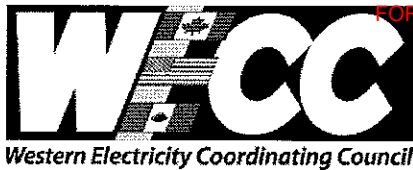
Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: Puget Sound Energy
Company Address: 355 110 Ave NE, Bellevue WA 98004
NERC Compliance Registry ID [if known]: NCR05345

- B.2 Identify the individual in your organization who will be the Entity Contact to WECC regarding this Mitigation Plan.

Name: Cathy Koch
Title: Mgr. Compliance And Regulatory Audits
Email: cathy.koch@pse.com
Phone: 425-462-3877

**Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan**

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

C.1 Standard: FAC-003-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*) (MM/DD/YY)
WECC200700495	PSEI_WECC2007512	R1.3	11/16/07

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC

C.3 Identify the cause of the violation(s) identified above:

Per the Compliance Audit, "PSE did not provide documentation that affected employees and contractors were trained on the imminent threat procedures."

PSE had not started its formal imminent threat procedure training for appropriate personnel per its Transmission Vegetation Management Plan prior to the beginning of the WECC Compliance Audit of November 13 – 16, 2007.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:



[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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 violations identified above in Part C.2 of this form:

1) PSE will continue and complete formal training regarding imminent threat procedures. Training to include all power dispatchers as well as field personnel who monitor transmission line conditions.

In the Transmission Vegetation Management Plan, PSE has defined personnel needing training to include PSE Electric 1st Response Areas Supervisors, PSE Service Linemen, PSE Load Office employees, specific Vegetation Management employees, specific QA/QC employees, and the Vegetation Management Contractor personnel (currently Asplundh).

2) PSE will record employee signatures as training is completed.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box ☐ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

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:



Western Electricity Coordinating Council

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
1 and 2) Complete formal training and record signatures	December 21, 2007

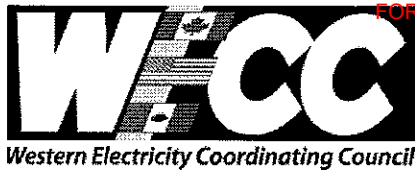
(*) Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part 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:

Minimal Impact – No interim abatement necessary. PSE began training on November 15, 2007. PSE has informally trained many employees regarding imminent threat procedures and provided a 230 kV Imminent Threat Procedure job aid to more than 150 employees. Non-compliance is associated with the lack of formal record of this.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part 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:

PSE will include imminent threat training into the job orientation for new Vegetation Management personnel and contract personnel. For other PSE personnel, this process will be reviewed periodically at each headquarters safety meeting.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council

FOR PUBLIC RELEASE - FEBRUARY 1, 2010

NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

**Section F: Authorization**

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC 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 [Title] of [Organization].
 2. I am qualified to sign this Mitigation Plan on behalf of [Organization].
 3. I have read and understand [Organization'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, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. [Organization] agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Entity Officer Signature:

Catherine Koch
Sue McLain

(Electronic signatures are acceptable; see CMEP)

Name (Print): Catherine Koch

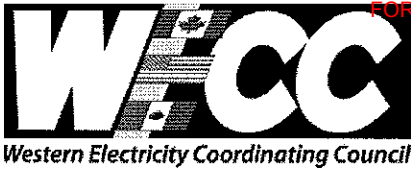
/ Sue McLain

Title: Mgr Compliance and Regulatory Audits

/ Sr. VP-Operations

Date: 11/29/07

/ 11/29/07



FOR PUBLIC RELEASE - FEBRUARY 1, 2010



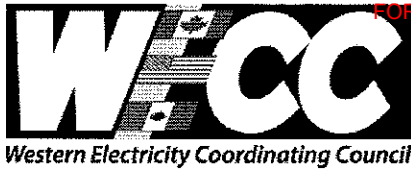
Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer
Email: Jstuart@wecc.biz
Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 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 2.0.
 - (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 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.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation," a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

PSEI's Certification of Completion of the Mitigation Plan for the alleged violation of FAC- 003-1 R1 submitted December 21, 2007



CONFIDENTIAL

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: PSEI

Standard Title: Transmission Vegetation Management Program

Standard Number: FAC-003-1

Requirement Number(s)¹: **R1.3**

Actual completion date of Mitigation Plan: December 20, 2007

Please attach supporting documentation used to demonstrate compliance.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

R1.3. All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.

PSE has ensured all personnel directly involved implementation of the TVMP, as identified in the TVMP, has been trained on Imminent Threat Reporting procedures. In the TVMP PSE has defined personnel needing training to include PSE EFR Supervisors, engineers and service linemen, along with PSE Load Office employees, PSE vegetation management employees, PSE's QA/QC personnel assigned to vegetation management, and certain Vegetation Management contractor personnel.

Evidence provided as it specifically relates to the training of Imminent Threat Reporting Procedures

PSE Imminent Threat Reporting Training Material used to train all appropriate personnel

PSE Imminent Threat Training Acknowledgement Log demonstrates personnel identified in TVMP received training. Some employees are unavailable for training due to a variety of reasons. If the personnel were on vacation or off shift for a significant time period, training will be completed by end of January. If the personnel were on disability, training will occur when they return to work.

¹ Violations are reported at the level of requirements, sub requirements are not necessary
WECC Compliance Monitoring and Enforcement Program
Mitigation Plan Completion Form

Additional Notes or Comments pertaining to this violation:

Puget Sound Energy

By endorsement of this document I attest that ~~[insert company name]~~ is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature:

Michael G. Schell
Director Compliance and Safety

Authorized Officer's Name: Sue McLain

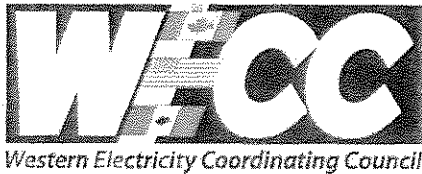
Authorized Officer's Title: Senior Vice President - Operations

Date: 12/21/07

Attachment e

WECC's Verification of Completion of the Mitigation Plan for the alleged violation of FAC- 003-1 R1 dated October 1, 2008

CONFIDENTIAL



Bob Kiser
Manager of Audits and Investigations

360.980.2799
bkiser@wecc.biz

September 30, 2008

Catherine Koch
Mgr Compliance and Regulatory Audits
Puget Sound Energy, Inc.
355 110th Ave NE
Bellevue, Washington 98004

Subject: Mitigation Plan Completion Review(s)

Dear Catherine Koch,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by October 14, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or mike@wecc.biz. Thanks for your assistance in this effort.

CONFIDENTIAL

Sincerely,

Bob Kiser

Bob Kiser
Manager of Audits and
Investigations

BK:gc

Attachment

Cc: Kellie Anderson, PSE Mgr Energy Resource Compliance
Lisa Milanes, WECC Manager of Compliance Administration
Ed Ruck, NERC Regional Compliance Program Coordinator

Attachment A

CONFIDENTIAL



Western Electricity Coordinating Council

January 25, 2010 - Confidential Information Redacted

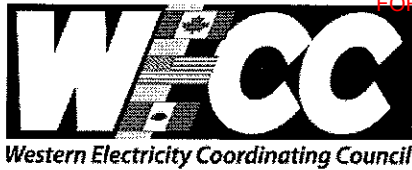
Registered Entity: Puget Sound Energy, Inc.

Date: October 1, 2008

	Standard Number	Requirement	Sufficient Evidence	Review Status
1	FAC-003-1	1	Yes	Compliant

Attachment f

PSEI's Mitigation Plan designated as MIT-07-0519 for the alleged violation of EOP-001-0 R6 submitted November 30, 2007



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: November 30, 2007

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review the notices and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

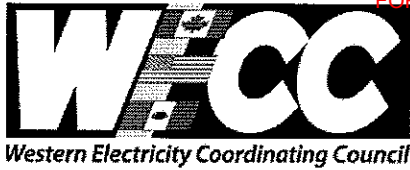
Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: Puget Sound Energy
Company Address: 355 110 Ave NE, Bellevue WA 98004
NERC Compliance Registry ID [if known]: NCR05345

- B.2 Identify the individual in your organization who will be the Entity Contact to WECC regarding this Mitigation Plan.

Name: Cathy Koch
Title: Mgr. Compliance and Regulatory Audits
Email: cathy.koch@pse.com
Phone: 425-462-3877



Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

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

C.1 Standard: EOP-001-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*) (MM/DD/YY)
		R6	11/16/07

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

C.3 Identify the cause of the violation(s) identified above:

PSE has not performed the annual review and update of the Puget Sound Area Voltage Collapse Procedure which was last updated October 4, 2006.

PSE has not shared all of its emergency plans as they pertain to this standard with the Reliability Coordinator and its neighboring Transmission Operators and Balancing Authorities.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

Per Compliance Audit Preliminary Audit Results presentation, it was verbally indicated that PSE had not shared 6 of its 10 plans as required



Western Electricity Coordinating Council



by the standard. PSE provided 14 documents (plans, guidelines, and procedures) in support of this standard.

PSE included the WECC Off-Nominal Underfrequency Load Shedding & Restoration Guidelines and the WSCC Undervoltage Load Shedding Guidelines as its own emergency plans. These guidelines are maintained by WECC.

PSE included the Northwest Power Pool Energy Emergency Plan and the Northwest Power Pool System Restoration Process as part of its emergency plans. These plans are reviewed and updated through the Northwest Power Pool and shared with all PSE's neighboring entities through the Northwest Power Pool website.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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 violations identified above in Part C.2 of this form:

1) PSE will review and update annually the following company emergency plans:

- PSE Puget Sound Area Voltage Collapse Procedures.
- PSE Manual Load Shedding Plan
- PSE Underfrequency Load Shedding Plan
- PSE Undervoltage Load Shedding Plan
- PSE System Restoration Plan
- PSE Energy Emergency Plan
- PSE Backup Control Center Plan
- PSE Voltage Control Procedure
- PSE Reactive Control Procedure
- PSE Load Office Procedures Manual - Emergency Operations 1 Procedure - Planning



Western Electricity Coordinating Council



2) PSE will share all of these documents with its neighboring Transmission Operators and Balancing Authorities and with the Reliability Coordinator. (PSE had shared 4 of these plans already, but will re-initiate the sharing of the package.)

3) PSE will implement a compliance tracking tool to monitor and track completion of activities per internal deadlines.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box ☐ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

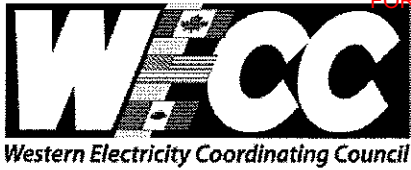
D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
1) Perform review and update as necessary the Puget Sound Area Voltage Collapse Procedure	December 21, 2007
2) Share all PSE emergency plan documents with its neighboring TOPs and BAs and with the RC	December 21, 2007
3a) Determine tracking tool	February 27, 2008
Mitigation Plan 3 month update	February 27, 2008
3b) Complete implementation of tracking tool	May, 27, 2008

(*) Note: 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 for not completing work associated with accepted milestones.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]



Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part 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:

Minimal impact - No interim abatement necessary. Voltage Collapse Procedure is based on BPA procedure which has not been modified since 2005. Procedure is current as a result of no update by BPA. Non compliance is associated with recording review. The plans that would have a significant impact on the interconnected system have been shared either directly with neighboring entities or through the NWPP.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part 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:

Tracking tool will provide visibility to approaching internal deadlines for activities necessary to ensure compliance with requirements.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or

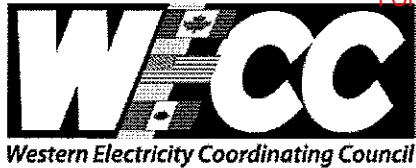


Western Electricity Coordinating Council



similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC 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 [Title] of [Organization].
 2. I am qualified to sign this Mitigation Plan on behalf of [Organization].
 3. I have read and understand [Organization'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, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. [Organization] agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Entity Officer Signature:

Catherine Koch
Sue McLain
 (Electronic signatures are acceptable; see CMEP)

Name (Print): Catherine Koch

Title: Mgr Compliance and Regulatory Audits

Date:

/ Sue McLain
/ Sr VP - Operations
11/29/07 */ 11/28/07*



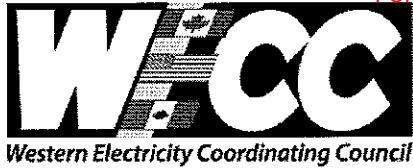
Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer
Email: Jstuart@wecc.biz
Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 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 2.0.
 - (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 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.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



Western Electricity Coordinating Council



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment g

PSEI's Certification of Completion of the Mitigation Plan for the alleged violation of EOP- 001-0 R6 submitted May 27, 2008



CONFIDENTIAL

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: PSEI

Standard Title: Emergency Operations

Standard Number: EOP-001-0

Requirement Number(s): R6

Actual completion date of Mitigation Plan: May 27, 2008

Check this box ☒ to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

PSE has completed the mitigation plan that was submitted as a result of the violation found during the November 13-16 WECC Compliance Audit

The following is submitted as proof of the mitigation plan being completed

1) Perform review and update as necessary the Puget Sound Area Voltage Collapse Procedure - December 21, 2007.

PSE's West of Cascade North Operating Procedure.pdf - Procedure was re-named after meeting with northwest stake holders. Procedure revision history indicates update completed December 10, 2007.

2) Share all PSE emergency plan documents with its neighboring TOPs and BAs and with the RC - December 21, 2007.

Puget Sound Energy's Emergency Plans (EOP-001 R6).msg e-mail to neighboring TOPs (Chelan PUD, Seattle City Light, BPA, Grant County PUD, Snohomish PUD, Tacoma City Light, Clallum PUD) and RC (PNSC) sent on December 21, 2007.

3a) Determine tracking tool - February 27, 2008

Compliance Tracking Software Justification.msg e-mail to Director supporting software of choice along with internal form to initiate IT work sent on January 18, 2008.

Bradson Timesheet.pdf for Project Manager on site starting February 13, 2008.

3b) Complete implementation of tracking tool - May 27, 2008

Today our xEM Operational Compliance Tool Goes Live.msg e-mail regarding go live sent on May 27, 2008

xEM Training Users Classes completed on 4 occasions by May 22, 2008

EOP-001-0 R6 Tasks.pdf is a query from xEM showing tasks relating to EOP-001 R6 as a sample of tasks that are now tracked. E-mail notifications are sent out in advance of these tasks to ensure completion and compliance.

Compliance Tracking xEM Overview.pdf document of xEM tracking tool.

xEM FAQs.pdf are the frequently asked questions regarding the tool functionality.

PSE is in compliance with EOP-001 R6.

PSE Plans (10) Updated Annually1.pdf captures the revision history of all the applicable documents demonstrating updates within last 12 months.

EOP-001-1 R6 Tasks.pdf is the query showing next update.

Puget Sound Energy's Emergency Plans (EOP-001 R6).msg e-mail sent to the TOPs and RCs on December 21, 2007 shows information communicated per requirement.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that ^{Puget Sound Energy}~~[insert company name]~~ is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Bert Valdman

Authorized Officer's Name: Bert Valdman

Authorized Officer's Title: Executive VP and COO

Date: 5/27/08

Attachment h

WECC's Verification of Completion of the Mitigation Plan for the alleged violation of EOP- 001-0 R6 dated July 18, 2008

CONFIDENTIAL



STEVEN W. McCOY
Vice President and Director of Compliance

801.582.0353 ext. 6889
smccoy@wecc.biz

July 18, 2008

Catherine Koch
Reliability Compliance Manager
Puget Sound Energy, Inc. - Operations
10885 NE 4 St EST 07W
Bellevue, WA 98004

Subject: Mitigation Plan Completion Review(s)

Dear Catherine,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by August 4, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or mike@wecc.biz. Thanks for your assistance in this effort.

CONFIDENTIAL

Sincerely,

Steve McCoy

STEVEN W. McCOY
WECC Vice President and
Director of Compliance

SM:ar

Attachment

Cc: Mike Tongue, PSEI Manager, Load Office
Lisa Milanes, WECC Manager of Compliance Administration
Tim Kucey, NERC Manager of Enforcement and Mitigation
Ed Ruck, NERC Regional Compliance Program Coordinator



Western Electricity Coordinating Council

January 25, 2010 Confidential Information Redacted

Registered Entity: Puget Sound Energy, Inc. - Operations**Date:** July 18, 2008

	Standard Number	Requirement	Sufficient Evidence	Review Status
1				
2	EOP-001-0	R6	Yes	Compliant

Attachment i

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Puget Sound Energy, Inc.

Docket No. NP10-____-000

NOTICE OF FILING
February 1, 2010

Take notice that on February 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Puget Sound Energy, Inc. in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary