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VIA E-TARIFF FILING

September 8, 2014

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

Re: *Puget Sound Energy, Inc.*, Docket No. ER14-____-000

**OATT Update to Conform With Order No. 789's Adoption of
Reliability Standard BAL-002-WECC-2.**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Part 35 of the Federal Energy Regulatory Commission's ("Commission") Regulations,² Puget Sound Energy, Inc. ("PSE") hereby submits amendments to its Open Access Transmission Tariff ("OATT") Schedule 5 (Spinning Reserve Service) and Schedule 6 (Supplemental Reserve Service). The OATT updates are necessary to conform PSE's OATT to the requirements of new regional Reliability Standard BAL-002-WECC-2 (Contingency Reserve), which was approved by the Commission in Order No. 789.³ As further supported below, PSE respectfully requests waiver of the Commission's 60-day prior notice requirements and seeks an effective date of October 1, 2014 for the OATT amendments to align with the date upon which PSE must ensure the availability of contingency reserves consistent with BAL-002-WECC-2.

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. Part 35 (2014).

³ *Regional Reliability Standard BAL-002-WECC-2 - Contingency Reserve*, Order No. 789, 78 Fed. Reg. 71,448 (Nov. 29, 2013), 145 FERC ¶61,141 (2013) ("Order No. 789").

I. COMMUNICATIONS

Communications regarding this filing should be addressed to the following persons:

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II. BACKGROUND

On November 21, 2013, the Commission issued Order No. 789 wherein it approved regional Reliability Standard BAL-002-WECC-2. The Western Electricity Coordinating Council (“WECC”) regional Reliability Standard applies to balancing authorities and reserve sharing groups in the WECC Region and is meant to specify the quantity and types of contingency reserves required to ensure reliability under normal and abnormal conditions. The amount of total contingency reserves - both spinning and supplemental- is set equal to the sum of three percent of hourly integrated load plus three percent of hourly integrated generation. PSE must comply with standard BAL-002-WECC-2 beginning October 1, 2014.

III. PROPOSED TARIFF CHANGES

PSE transmission customers are currently required to purchase an amount of spinning reserves under Schedule 5 of the PSE OATT equal to 3.13 percent of the customer’s reserved capacity for point-to-point service, or 3.13 percent of the customer’s monthly network load for network service customers. Customers must also purchase an equivalent amount of supplemental reserves under Schedule 6 of the PSE OATT. Customers are not assessed a reserve obligation under Schedules 5 or 6 for generation located in the PSE control area.

To conform Schedules 5 and 6 of the PSE OATT with PSE’s revised Contingency Reserve obligations under BAL-002-WECC-2, PSE hereby submits the attached OATT updates. The revised tariff sheets require transmission customers to purchase an amount of spinning reserves under Schedule 5 equal to 1.5 percent of the customer’s reserved capacity for point-to-point service, or 1.5 percent of the customer’s monthly network load for network service customers, plus 1.5 percent of the capacity of a generating resource (including designated Network Resources) identified as the “source” in the Transmission Customer’s transmission schedule and located within or dynamically scheduled to

Transmission Provider's Control Area. Customers will be required to purchase an equivalent quantity of supplemental reserves under PSE's proposed revisions to Schedule 6.

IV. CONTENTS OF FILING

In addition to this transmittal letter, PSE provides the following materials for filing:

- Proposed tariff sheets in RTF format with metadata attached; and
- Clean and redlined copies of the tariff for publishing in eLibrary.

V. EFFECTIVE DATE AND REQUEST FOR WAIVER

Pursuant to Section 35.11 of the Commission's regulations,⁴ PSE respectfully requests waiver of the 60-day prior notice requirement so that its revised tariff sheets become effective October 1, 2014, which is the same date that standard BAL-002-WECC-2 goes into effect. Good cause exists to waive the prior notice requirements because the proposed OATT amendments are being filed to make PSE's transmission customer reserve obligations under Schedules 5 and 6 of the PSE OATT consistent with PSE's own obligation to supply reserves on the customers' behalf under a new, mandatory regional reliability standard. To the extent necessary, PSE also seeks waiver of any additional requirements under part 35 of the Commission's Regulations in order to allow these modifications to become effective October 1, 2014.

VI. SERVICE

PSE will post a copy of this filing on its OASIS, and serve an electronic copy of this filing on all current Schedule 5 and 6 customers consistent with the requirements of PSE's request for waiver of the prior 60 day notice requirement under Section 35.11. A copy of this filing is also available for public inspection in PSE's offices at 10885 N.E. 4th Street, Bellevue, Washington.

⁴ 18 .C.F.R. §35.11.

VII. CONCLUSION

For the reasons set forth above, PSE respectfully requests that the Commission accept PSE's proposed OATT revisions effective October 1, 2014.

Respectfully submitted,

/s/ Gary D. Bachman

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Enclosures

SCHEDULE 5
Operating Reserve - Spinning Reserve Service

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

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to the sum of: 1) ~~3.13~~1.5 percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or ~~3.13~~1.5 percent of the Transmission Customer's Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5 percent of the capacity of a generating resource (including designated Network Resources) identified as the "source" in the Transmission Customer's transmission schedule and located within or dynamically transferred to Transmission Provider's Control Area. The billing determinants for this service shall be reduced by any portion of the ~~3.13~~ percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Annual Rate	\$111.00/kW-year
Monthly Rate	\$9.25/kW-month
Weekly Rate	\$2.13/kW-week
Peak daily:	\$0.3558/kW-day
Off-peak daily	\$0.3043/kW-day
Peak hourly:	22.24 mills/kWh
Off-peak hourly:	12.68 mills/kWh

SCHEDULE 6
Operating Reserve - Supplemental Reserve Service

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

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to the sum of: 1) ~~3.13~~1.5 percent of The Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or ~~3.13~~1.5 percent of the Transmission Customer's Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5% of the capacity of a generating resource (including designated Network Resources) identified as the "source" in the Transmission Customer's transmission schedule and located within or dynamically transferred to Transmission Provider's Control Area. The billing determinants for this service shall be reduced by any portion of the ~~3.13~~ percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

Annual Rate	\$108.00/kW-year
Monthly Rate	\$9.00/kW-month
Weekly Rate	\$2.077/kW-week
Peak daily:	\$0.3462/kW-day
Off-peak daily	\$0.2967/kW-day
Peak hourly:	21.64 mills/kWh
Off-peak hourly:	12.36 mills/kWh

SCHEDULE 5
Operating Reserve - Spinning Reserve Service

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SCHEDULE 6
Operating Reserve - Supplemental Reserve Service

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

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase as such service an additional amount of reserved capacity equal to the sum of: 1) 1.5 percent of The Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 1.5 percent of the Transmission Customer's Monthly Network Load for Network Integration Transmission Service; plus 2) 1.5% of the capacity of a generating resource (including designated Network Resources) identified as the "source" in the Transmission Customer's transmission schedule and located within or dynamically transferred to Transmission Provider's Control Area. The billing determinants for this service shall be reduced by any portion of the purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

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