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September 11, 2007

Hon. Kimberly D. Bose
Office of the Secretary
Federal Energy Regulatory Commission
Room 1-A, East
888 First St., N.E.
Washington, DC 20426

Re: Puget Sound Energy, Inc., Docket No. OA07-_____

Dear Hon. Kimberly D. Bose:

In compliance with the Commission's Order No. 890, Preventing Undue Discrimination and Preference in Transmission Service, 118 FERC ¶ 61,119 (2007) ("Order No. 890") and Section 206 of the Federal Power Act, Puget Sound Energy, Inc. ("PSE"), tenders for filing its Order No. 890 compliance filing. PSE will post this filing on its Open Access Same-Time Information System ("OASIS"). PSE will also make hard copies of this filing available upon request.

1. Contents of Filing

PSE respectfully tenders for filing an original and six (6) copies of the following documents:

1. This transmittal letter; and

2. Attachment A, a clean copy of Attachment C to PSE's Open Access Transmission Tariff ("OATT") FERC Electric Tariff Eighth Revised Volume No. 7; and

3. Attachment B, a redlined copy of Attachment C to PSE's OATT FERC Electric Tariff Eighth Revised Volume No. 7.

2. Correspondence

PSE respectfully requests that the following persons be included on the official service list in this proceeding and that all communications concerning this filing be addressed to them:

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Manager, Federal Regulatory Affairs
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3. Description and Basis for Filing

This filing is submitted on behalf of PSE in response to Order No. 890 and the Notice of Electronic Filing Guidelines for Open Access Transmission Tariffs issued on April 6, 2007.

Order No. 890 requires transmission providers to include in Attachment C to their OATT detailed descriptions for calculating both firm and non-firm ATC. Accordingly, PSE submits its revised Attachment C, which includes the detailed descriptions for calculating ATC required by Order No. 890.

4. Conclusion

For the reasons set forth above, PSE respectfully requests that the Commission accept the enclosed for filing with an effective date of September 11, 2007. Thank you for your consideration of the documents submitted herewith.

Respectfully submitted,

PERKINS COIE LLP

By: *__/s/ Donald G. Kari__*

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Attachment A

ATTACHMENT C

Methodology To Assess Available Transfer Capability

This Attachment C contains Transmission Provider's methodology for determination of Available Transfer Capability (ATC).

(1) Description of Mathematical Algorithm Used to Calculate Firm And Non-Firm ATC

Acronyms

ATC means Available Transfer Capability

CBM means Capacity Benefit Margin

ETC means Existing Transmission Commitments

TRM means Transmission Reliability Margin

TSR means Transmission Service Request

TTC means Total Transfer Capability

Definition

Available Transfer Capability (ATC) is a measure of the transfer capability remaining in the physical transmission network for the further commercial activity over and above already committed uses. Mathematically, ATC is defined as the Total Transfer Capability (TTC), less the sum of the following: Existing Transmission Commitments (ETCs), any Capacity Benefit Margin (CBM) and any Transmission Reliability Margin (TRM).

ATC Calculation Horizons

Transmission Provider uses the OATi webTrans ATC calculator for all its posted paths. This application provides three calculation horizons: Planning, Operational, Scheduling:

Planning Horizon

The Planning Horizon is from the end of the Operational Horizon to 10 years from now. These calculations do not incorporate tags as they are used for scheduling, which usually takes place closer to the actual flow date. These calculations include a representation of forecasted annual growth of Native Load and Network Load as set asides.

Operational Horizon

Operational Horizon is from the end of the Scheduling Horizon to 54 days from now. These calculations do include the impacts of tags.

Scheduling Horizon

Scheduling Horizon is the current real-time hour and the 168 hours next following. These calculations do include the impacts of tags.

Frequency

ATC is recalculated for several types of events which typically impact a specific, posted path. Such events include the confirmation, curtailment, recall, or annulment of a reservation, the change of TTC, CBM, or TRM, or when, for non-firm ATC, a tag reaches the implement state.

For all posted paths, there are two scheduled ATC calculations: an initialization calculation each day, and a calculation (and resulting release) on each Working Day of unscheduled firm capacity as non-firm.

ATC calculations can also be manually triggered by the Transmission Provider at any time.

Firm ATC

Firm Available Transfer Capability (Firm ATC) is the remaining transfer capability available for firm transmission reservations for a given path and for a given time horizon:

Firm ATC = TTC – Firm ETCs – CBM – TRM

Non-Firm ATC

Non-Firm Available Transfer Capability (Non-Firm ATC) is the remaining capacity available for additional non-firm transmission reservations for a given path and for a given time horizon.

Non-firm ATC Equation in the Planning Horizon:

Non-firm ATC = TTC – Firm ETCs – TRM– Non-firm ETCs

Non-firm ATC Equation in the Operating Horizon:

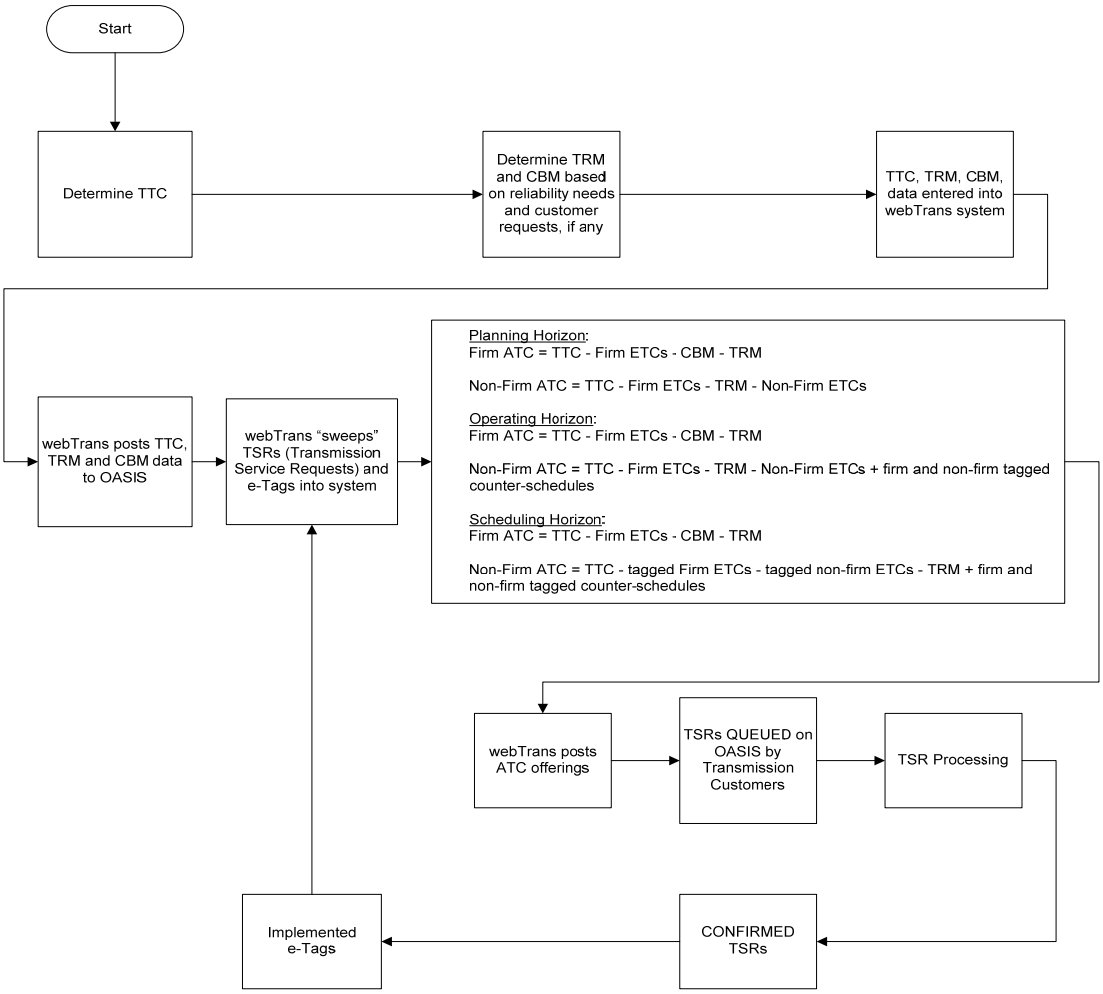
Non-firm ATC = TTC – Firm ETCs – TRM – non-firm ETCs + firm and non-firm tagged counter-schedules,

Non-firm ATC Equation in the Scheduling Horizon:

Non-firm ATC = TTC – tagged firm ETCs – tagged non-firm ETCs – TRM + firm tagged counter-schedules and non-firm tagged counter-schedules.

(2) Process Flow Diagram Illustrating Various Steps Through Which ATC is Calculated

PSEI's ATC Calculation Flow Diagram



(3) Description of How Each ATC Component is Calculated

(a) Total Transfer Capability (TTC)

(i) Definition

Total Transfer Capability (TTC) is defined as the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of transmission lines (or paths) between those areas under specified system conditions. This value may reflect contractual arrangements or be based on certain equipment limitations or system conditions. TTC represents the reliability limit of a transmission path at any specified point in time. It may be a variable quantity, dependent upon operating conditions in the near term or forecasted conditions in the long term.

(ii) Calculation Methodology

For Transmission Provider's posted paths for which Transmission Provider is the transmission operator, Transmission Provider generally uses a rated system path type methodology to calculate TTC. Specifically, Transmission Provider performs studies to determine the appropriate TTC for posted paths by season. The path rating process may take into account contractual arrangements, effects of system topology, generator operations, neighboring system conditions, or parallel path flows and may be based on thermal, stability, or voltage limitations. Transmission Provider's studies to determine posted path TTC limits are based on applicable NERC or WECC planning and operating criteria for maintaining reliability. If TTC is to be calculated for a posted path internal to Transmission Provider's Transmission System, TTC may be calculated based on the net of local load and local generation. Additional

information regarding determination of TTC for specific paths may be found in Transmission Provider's path ratings document as posted and updated from time to time on Transmission Provider's OASIS.

For Transmission Provider's posted paths for which Transmission Provider is not the transmission operator but has capacity ownership rights, Transmission Provider is notified of, and posts as TTC, Transmission Provider's share of transfer capability.

(iii) Databases Used in TTC Assessments

The power flow studies used in Transmission Provider's TTC assessments are based on system base cases developed through the Western Electricity Coordinating Council (WECC).

(iv) Assumptions Used in TTC Assessments

See 3(a)(ii) above.

(b) Existing Transmission Commitments (ETCs)

(i) Definition

Existing Transmission Commitments (ETCs) are a Transmission Provider's existing transmission capacity obligations which may include grandfathered transmission contracts, OATT transmission reservations, native load usage, reasonably forecasted (over the Planning Horizon) native or network load growth, or other obligations that impact firm ATC.

(ii) Calculation Methodology To Determine Transmission Capacity Set Aside for Native Load And Network Load

The transmission service reservations for Native Load and Network Load are based on the designated Network Resources for those loads. In addition, for the Planning Horizon, firm set asides on posted path(s) are used to represent forecasted annual growth of Native Load and Network Load over the Planning Horizon.

(iii) Incorporation of Point-To-Point Transmission Service Requests (TSRs)

Existing, confirmed TSRs for Point-To-Point Transmission Service are modeled using the specified megawatt quantity, Point(s) of Receipt, and Point(s) of Delivery.

(iv) Accounting for Rollover Rights

Transfer capability on a path needed in the event transmission rights are rolled-over is posted as ATC such that transmission service requests for such capability may be submitted; however, Transmission Customers that exercise their rollover rights and qualify under the Tariff for rollover of rights on a path will in accordance with the Tariff take priority over lower priority firm reservations on that path.

(v) Process For Ensuring that Non-Firm Capacity is Released Properly

Requests for Non-Firm Point-To-Point Transmission Service are to be made in accordance with section 18.3 of the Tariff. Not later than 10:00 A.M. of a Working Day, non-firm ATC on each posted path is recalculated to include any unscheduled firm ATC for such path and posted on the Transmission Provider's OASIS. This recalculation and posting is typically performed about one week prior to real time.

(c) Available Flowgate Capacity (AFC) Methodology

Not applicable.

(d) Transmission Reliability Margin (TRM)

(i) Definition

Transmission Reliability Margin (TRM) is that amount, if any, of transmission transfer capability on a path set aside for any of the following: load forecast and load distribution error, variations in facility loadings, uncertainty in transmission system topology, loop flow impact, variations in generation dispatch, automatic sharing of reserves, and other uncertainties as identified through the NERC reliability standards development process.

(ii) Calculation Methodology

Methodologies used in the Western Interconnection to calculate path TTC limits include a reliability component that has many of the same characteristics as TRM, such as load forecast and load distribution error, variations in facility loadings, uncertainty in transmission system topology, loop flow impact, and variations in generation dispatch. For purposes of calculating ATC, TRM for those characteristics is set to zero because those characteristics are included in the determination of the posted path TTC limit. As indicated above, Transmission Provider's studies to determine posted path TTC limits are based on applicable NERC or WECC planning and operating criteria for maintaining reliability. Currently, there is no TRM set aside on any posted path for any ATC calculation horizons.

(iii) Databases Used in TRM Assessments

As indicated above, the power flow studies used in Transmission Provider's TTC assessments are based on system base cases developed through the Western Electricity Coordinating Council (WECC) and methodologies used in the Western Interconnection to calculate path TTC limits include a reliability component that has many of the same characteristics as TRM.

(iv) Conditions Under Which the Transmission Provider Uses TRM

Not applicable because currently there is no TRM set aside on any posted path for any ATC calculation horizons.

(e) Capacity Benefit Margin (CBM) Practice

Currently, there is no CBM set aside on any posted path for any ATC calculation horizons. Should Transmission Provider's merchant function or any other load-serving entity with load in Transmission Provider's Balancing Authority area request CBM be set aside, these requests must be made on the OASIS via a Transmission Service Request (that identifies such request in the comments section as a request for CBM), which will allow CBM set aside for such requests but unused (i.e., unscheduled/un-tagged CBM) CBM to be released for non-firm use. Transmission Provider will evaluate any request for CBM set aside on a case-by-case basis based on transmission availability and the basis for the request. Transmission Provider will annually reevaluate its own need for CBM set asides.

(f) Capacity Benefit Margin

(i) Definition

Capacity Benefit Margin is that amount, if any, of firm transmission transfer capability reserved by Transmission Provider for Load-Serving Entities (LSEs), whose loads are located on Transmission Provider's Transmission System, to enable access by the LSEs to generation from interconnected systems to meet generation reliability requirements. The transmission transfer capability preserved as CBM is intended to be used by the LSE only in times of emergency generation deficiencies.

(ii) Databases Used in its CBM Assessments

The determination of any databases to be used in any CBM assessment by Transmission Provider would depend upon an evaluation of the requested CBM and the circumstances of the requesting LSE.

(iii) Demonstration of No Double-Counting of Contingency Outages When Performing CBM, TTC, and TRM Calculations

Not applicable because as indicated above currently there is no TRM or CBM set aside on any posted path for any ATC calculation horizons.

(g) Procedures for Allowing the Use of CBM

Not applicable because currently there is no CBM set aside on any posted path for any ATC calculation horizons. At any time that CBM has been requested and set aside for an LSE whose loads are located on Transmission Provider's Transmission System, such LSE may request to use CBM by submitting a tag referencing the TSR for the CBM. Transmission Provider will use reasonable efforts to evaluate such requests on a case-by-case basis under applicable reliability standards governing the conditions for which CBM may be used.

Attachment B

ATTACHMENT C

Methodology To Assess Available ~~Transmission~~ Transfer Capability

~~Transmission Provider will assess the available transmission capability posted on Transmission Provider's OASIS using, to the extent consistently applied by Transmission Provider, the criteria and process for this assessment as detailed in Sections 4 and 5 of Transmission Provider's then most recent FERC Form 715 submittal. In determining the level of capacity available for new Transmission Service requests, Transmission Provider may exclude, from capacity to be made available for new Transmission Service requests, that capacity needed to meet (i) then current and reasonably forecasted load of Native Load Customers and Network Customers, (ii) then existing commitments to Transmission Provider or others of Firm Point-To-Point Transmission Service and Network Integration Transmission Service under this Tariff, (iii) previously received pending Applications for Firm Point-To-Point Transmission Service and for Network Integration Transmission Service under this Tariff, and (iv) then existing firm obligations under other tariffs, contracts and rate schedules.~~

This Attachment C contains Transmission Provider's methodology for determination of Available Transfer Capability (ATC).

(1) Description of Mathematical Algorithm Used to Calculate Firm And Non-Firm ATC

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Frequency

ATC is recalculated for several types of events which typically impact a specific, posted path. Such events include the confirmation, curtailment, recall, or annulment of a reservation, the change of TTC, CBM, or TRM, or when, for non-firm ATC, a tag reaches the implement state.

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Non-firm ATC = TTC – Firm ETCs – TRM – non-firm ETCs + firm and non-firm tagged counter-schedules,

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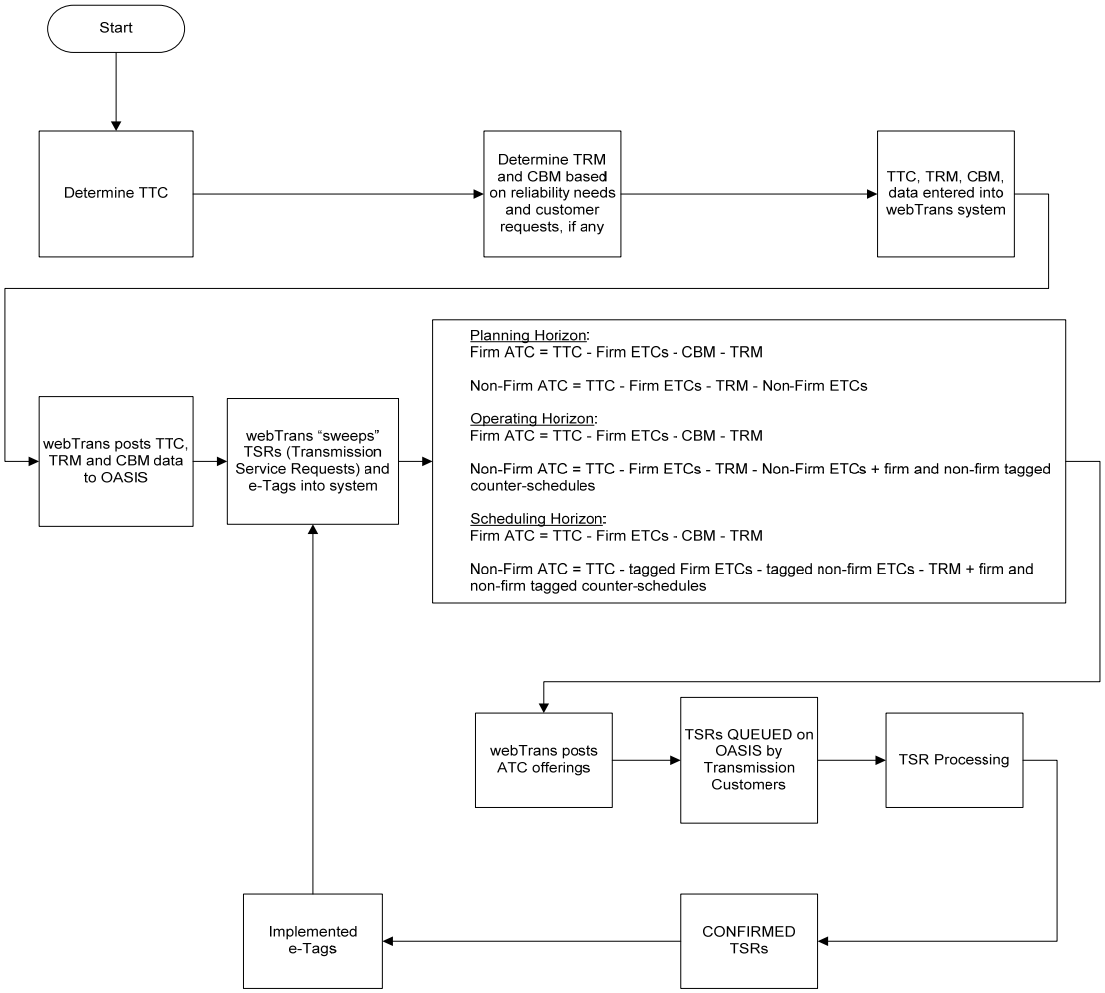

Filed in compliance with Order No. 890, *Preventing Undue Discrimination and Preference in Transmission Service*, 72 Fed. Reg. 12,266 (Mar. 15, 2007).

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(iii) Databases Used in TTC Assessments

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(iv) Assumptions Used in TTC Assessments

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(iv) Conditions Under Which the Transmission Provider Uses TRM

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(e) Capacity Benefit Margin (CBM) Practice

Currently, there is no CBM set aside on any posted path for any ATC calculation horizons. Should Transmission Provider's merchant function or any other load-serving entity with load in Transmission Provider's Balancing Authority area request CBM be set aside, these requests must be made on the OASIS via a Transmission Service Request (that identifies such request in the comments section as a request for CBM), which will allow CBM set aside for such requests but unused (i.e., unscheduled/un-tagged CBM) CBM to be released for non-firm use. Transmission Provider will evaluate any request for CBM set aside on a case-by-case basis based on transmission availability and the basis for the request. Transmission Provider will annually reevaluate its own need for CBM set asides.

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The determination of any databases to be used in any CBM assessment by Transmission Provider would depend upon an evaluation of the requested CBM and the circumstances of the requesting LSE.

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