Perkins Coie

The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
PHONE: 425.635.1400
FAX: 425.635.2400
www.perkinscoie.com

Donald G. Kari
PHONE: (425) 635-1406
FAX: (425) 635-2406
EMAIL: DKari@perkinscoie.com

October 5, 2007

VIA HAND FILING

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. ER08-___
Revisions to Puget Sound Energy, Inc.'s Open Access Transmission Tariff

Dear Hon. Kimberly D. Bose:

Pursuant to 18 C.F.R. Part 35 and Section 205 of the Federal Power Act, 16 U.S.C. § 824d, Puget Sound Energy, Inc. ("PSE") hereby submits for filing with the Federal Energy Regulatory Commission ("Commission") revisions to PSE's Open Access Transmission Tariff ("OATT"). PSE designates the enclosed revisions as FERC Electric Tariff Eighth Revised Volume No. 7, Original Sheet Nos. 22A, 24A, 49A, 54A, 61A, and 61B; First Revised Sheet Nos. 5, 24, 25, 43, 49, 52, 54, 61, 144, 146, and 165; and Second Revised Sheet Nos. 3 and 22.

1. Contents of Filing

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

1. This transmittal letter;

2. Attachment A, a clean copy of PSE's FERC Electric Tariff Eighth Revised Volume No. 7, Original Sheet Nos. 22A, 24A, 49A, 54A, 61A, and 61B; First Revised Sheet Nos. 5, 24, 25, 43, 49, 52, 54, 61, 144, 146, and 165; and Second Revised Sheet Nos. 3 and 22; and

3. Attachment B, a redline copy of PSE's FERC Electric Tariff Eighth Revised Volume No. 7, Original Sheet Nos. 22A, 24A, 49A, 54A, 61A, and 61B; First Revised Sheet Nos. 5, 24, 25, 43, 49, 52, 54, 61, 144, 146, and 165; and Second Revised Sheet Nos. 3 and 22.

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:

Angelia Eide
Manager, Federal Regulatory Affairs
Puget Sound Energy, Inc.
10885 NE 4th Street
P.O. Box 97034
Bellevue WA 98009-9734
Tel: (425) 462-3113
Fax: (425) 462-3414
Email: angelia.eide@pse.com

Donald G. Kari
Perkins Coie LLP
10885 NE 4th Street, Suite 700
Bellevue, WA 98004-5579
Tel: (425) 635-1400
Fax: (425) 635-2400
Email: dkari@perkinscoie.com

3. Description and Basis for this Supplemental Filing

PSE is proposing certain revisions to the PSE Eighth Revised Volume No. 7 filed in this docket by PSE on July 13, 2007. These include the following:

a. Clarification of Sections 13.2 and 14.2 of the OATT

PSE has clarified its intent that the simultaneous window in sections 13.2 and 14.2 of the OATT is available for any requests for such service submitted within the five minute window *immediately* following the earliest time for submittal of such requests. *See* Attachment A, First Revised Sheet Nos. 43 and 52.

b. Specification of Unreserved Use Penalty

PSE has revised the OATT to provide for "two times" Unreserved Use Penalties consistent with *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, Docket Nos. RM05-17-000, *et al.*, 72 Fed. Reg. 12266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007) ("Order No. 890") at ¶¶ 846-49. New section 1.54 defines the term "Unreserved Use Penalty" as "[a]ny penalty rate charged for unreserved use of Point-To-Point Transmission Service" and provides that "[a]ny Unreserved Use Penalty shall be as stated in

Section 13.7(c) or Section 14.5 of this Tariff." *See* Attachment A, Second Revised Sheet No. 22; *see also* Attachment A, Second Revised Sheet No. 3 and Original Sheet No. 22A. Additionally, new section 1.54 provides that the historical "Overrun System Use Charge" contained in its Form of Service Agreement for Firm Point-to-Point Transmission Service in Attachment A to its OATT will not be assessed. *See* Attachment A, Second Revised Sheet No. 22. PSE has deleted reference to this charge from First Revised Sheet No. 165.

Revised section 13.7 assesses an "Unreserved Use Penalty" to a Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved in an amount equal to the sum of

(i) a charge for the unreserved service equal to twice the applicable rate(s) for Firm Point-to-Point Transmission Service (exclusive of any Ancillary Services rate(s)) and

(ii) a charge equal to the applicable rate(s) for any Ancillary Services (exclusive of charges pursuant to Schedules 4, 4R and 9) associated with such unreserved service and which is provided by Transmission Provider but for which Transmission Customer does not otherwise pay under the Tariff.

Attachment A, First Revised Sheet No. 49 and Original Sheet No. 49A. Similarly, in the event that a Transmission Customer exceeds its non-firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, revised section 14.5 assesses such Transmission Customer an Unreserved Use Penalty charge equal to the sum of

(i) a charge for the unreserved service equal to twice the applicable rate(s) for Non-Firm Point-to-Point Transmission Service (exclusive of any Ancillary Services rate(s)) and

(ii) a charge equal to the applicable rate(s) for any Ancillary Services (exclusive of charges pursuant to Schedules 4, 4R and 9) associated with such unreserved service and which is provided by Transmission Provider but for which Transmission Customer does not otherwise pay under the Tariff.

Attachment A, First Revised Sheet No. 54 and Original Sheet No. 54A.

For unreserved uses under each of section 13.7 and section 14.5, (i) unreserved uses within a single day will be assessed a penalty charge based on the daily rate, (ii) unreserved uses in two or more days in a calendar week will be assessed a penalty charge based on the weekly rate, and (iii) multiple instances of unreserved use in more than one calendar week in a calendar month will be assessed a penalty charge based on the monthly rate. *See* Attachment A, First Revised Sheet No. 54 and Original Sheet Nos. 49A and 54A.

c. **Distribution of Unreserved Use Penalty**

Consistent with paragraphs 859-60 of Order No. 890, PSE has inserted provisions for distribution of any Unreserved Use Penalty to non-offending transmission customers. Specifically, new section 15.8 provides as follows:

> For any month for which Transmission Provider assesses any Unreserved Use Penalty under Section 13.7(c) or Section 14.5 of this Tariff, Transmission Provider shall credit to Qualified Transmission Customers for such month an amount equal to fifty percent (50%) of the amount of such Unreserved Use Penalty (exclusive of any such amount arising from any charge for Ancillary Services). For each such month, the amount of such credit shall be allocated among Qualified Transmission Customers for such month in proportion to their respective Qualified Transmission Loads for such month.

Attachment A, First Revised Sheet No. 61.

For purposes of new Section 15.8, the term "Qualified Transmission Customer" means, for any month, any of the following customers:

> (i) Long-Term Firm Point-To-Point Transmission Service Customer for Transmission Service,
>
> (ii) Network Customer for Transmission Service, or
>
> (iii) Transmission Provider on behalf of its Native Load Customers;
>
> provided, that any Transmission Customer that is assessed any Unreserved Use Penalty for such month shall not be a Qualified Transmission Customer under this Section 15.8 for such month.

Attachment A, Original Sheet No. 61A. Additionally, new Section 15.8 defines the term "Qualified Transmission Load" as the following for any month:

(i) for each Long-Term Firm Point-To-Point Transmission Service Customer, its Reserved Capacity for Transmission Service;

(ii) for each Network Customer, its monthly Network Load in such month computed in accordance with Section 34.2 of the Tariff; or

(iii) for Transmission Provider on behalf of its Native Load Customers, the hourly load in such month of its Native Load Customers coincident with the Transmission Provider's Monthly Transmission System Peak for such month (computed consistent with computations pursuant to Section 34 of the Tariff).

Attachment A, Original No. 61A and Original Sheet No. 61B.

d. Clarification of the Applicability of Certain Ancillary Services

PSE has revised section 3 of its OATT to clarify that PSE must offer to provide (or offer to arrange with the local Control Area operator as discussed below) three Ancillary Services (Operating Reserve - Spinning, Operating Reserve - Supplemental, and Generator Imbalance Service) to any Transmission Customer serving load not within PSE's Control Area from a generator located within PSE's Control Area:

> In addition, the Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services to the Transmission Customer serving load not within the Transmission Provider's Control Area from a generator located within the Transmission Provider's Control Area (i) Operating Reserve - Spinning, (ii) Operating Reserve - Supplemental, and (iii) Generator Imbalance. The Transmission Customer serving load not within the Transmission Provider's Control Area from a generator located within Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source.

Attachment A, Original Sheet No. 24A; *see also* First Revised Sheet No. 24 and First Revised Sheet No. 25. PSE has also revised Schedule 5 (Operating Reserve - Spinning) and Schedule 6 (Operating Reserve - Supplemental) to clarify that PSE must offer these services when the transmission service is used to serve load not within its Control Area from a generator located within its Control Area. *See* Attachment A, First Revised Sheet No. 144 and First Revised Sheet

No. 146. This proposed Tariff change is consistent with the current practice in the Pacific Northwest, under which Operating Reserves - Spinning and Operating Reserve - Supplemental for a generator providing firm exports are carried by the Control Area in which the generator is located.[1]

4. Proposed Designation of Tariff Changes

In accordance with the Commission's Order No. 614, *Designation of Electric Rate Schedule Sheets*, FERC Stats. & Regs. Preamble ¶ 31,096 (2000), PSE has designated the enclosed revisions to PSE's OATT as FERC Electric Tariff Eighth Revised Volume No. 7, Original Sheet Nos. 22A, 24A, 49A, 54A, 61A, and 61B; First Revised Sheet Nos. 5, 24, 25, 43, 49, 52, 54, 61, 144, 146, and 165; and Second Revised Sheet Nos. 3 and 22.

5. Persons Served

PSE will post this filing on its Open Access Same-Time Information System ("OASIS") and also make hardcopies of this filing available upon request.

6. Proposed Effective Date

Pursuant to Section 35.11 of the Commission's regulations, 18 C.F.R. § 35.11, PSE respectfully requests that the Commission grant waiver of the prior notice requirement in Section 35.3 of the Commission's regulations, 18 C.F.R. § 35.3, to allow the revised tariff sheets to become effective October 5, 2007. Good cause exists to grant the waiver because

(i) the revisions clarify existing language in (the simultaneous window in sections 13.2 and 14.2), and practices under (Operating Reserves - Spinning and Operating Reserve - Supplemental carried by the Control Area in which the generator is located), the OATT; and

(ii) Order No. 890 specifically allows transmission providers to charge an unreserved use penalty that is not greater than twice the firm point-to-point rate for the period of unreserved use, provided that such penalty charge is explicitly stated in the Tariff (see Order No. 890 at ¶ 848).

Given the nature of the revisions set forth in the enclosed tariff sheets, no party would be prejudiced by an effective date of October 5, 2007.

[1] For example, compare Bonneville Power Administration's Open Access Transmission Tariff, section 3, which provides for the assessment of Operating Reserves - Spinning and Operating Reserve – Supplemental for generators located within a Control Area serving load outside the Control Area.

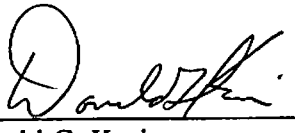
7. Conclusion

For the reasons set forth above, PSE respectfully requests that the Commission accept the enclosed revisions to PSE's OATT for filing with an effective date of October 5, 2007.

Thank you for your consideration of the documents submitted herewith.

Respectfully submitted,

PERKINS COIE LLP

By: 

Donald G. Kari
Jason Kuzma
Perkins Coie LLP
10885 NE 4th Street, Suite 700
Bellevue, WA 98004-5579
Tel: (425) 635-1400
Fax: (425) 635-2400

Attorneys for Puget Sound Energy, Inc.

DGK:jtk
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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).

.53 Transmission System

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

1.54 Unreserved Use Penalty

Any penalty rate charged for unreserved use of Point-To-Point Transmission Service. Any Unreserved Use Penalty shall be as stated in Section 13.7(c) or Section 14.5 of this Tariff. Any Overrun System Use Charge specified in any Service Agreement shall not be assessed.

1.55 Wholesale Distribution Service

Service provided to wholesale transmission customers using the Transmission Provider's Wholesale Distribution System.

1.56 Wholesale Distribution System

Except for those facilities designated as Direct Assignment Facilities, all facilities owned, controlled or operated by the Transmission Provider that are used to provide Wholesale Distribution Service, including all 115 kV (except for the Anderson Canyon-Beverly Line which is part of the Transmission System), 66 kV, and 55 kV facilities, and the Shannon Substation (34.5 kV) facility.

1.57 Working Day

The days Monday through Friday, excluding any prescheduling holiday observed by the Western Electricity Coordinating Council.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing

end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to [the acceptance by the Commission of the Transmission Provider's Attachment K], unless terminated, will become subject to the five year/one year requirement on the first rollover date after [the acceptance by the Commission of the Transmission Provider's Attachment K].

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, (iv) Operating Reserve - Supplemental, and (v) Generator Imbalance. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source.

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

In addition, the Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services to the Transmission Customer serving load not within the Transmission Provider's Control Area from a generator located within the Transmission Provider's Control Area (i) Operating Reserve - Spinning, (ii) Operating Reserve - Supplemental, and (iii) Generator Imbalance. The Transmission Customer serving load not within the Transmission Provider's Control Area from a generator located within Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source.

The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6 and 9) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three

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

shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration requests will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

(iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

(v) For any requests for Firm Transmission Service for which the Transmission Provider's business practices establish the earliest time such requests are permitted to be submitted, any requests for such service submitted within the five (5) minute window immediately following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transfer capability is not available to meet all such requests submitted within any such five minute window, the otherwise applicable priorities shall apply to allocation of transfer capability to such requests; provided that, if the otherwise applicable priorities would be to allocate transfer capability to transmission requests on a first-come, first-served basis (i.e., in the chronological

Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved. In the event that a Transmission Customer exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer shall pay a Unreserved Use Penalty charge equal to the sum of

(i) a charge for the unreserved service equal to twice the applicable rate(s) for Firm Point-to-Point Transmission Service (exclusive of any Ancillary Services rate(s)) and

(ii) a charge equal to the applicable rate(s) for any Ancillary Services (exclusive of charges pursuant to Schedules 4, 4R and 9) associated with such unreserved service and which is provided by

Transmission Provider but for which Transmission Customer does not otherwise pay under the Tariff.

For unreserved use within a single day, the penalty charge shall be based on the daily rate. For unreserved use in two or more days in a calendar week, the penaltycharge shall be based on the weekly rate. For multiple instances of unreserved use in more than one calendar week in a calendar month, the penalty charge shall be based on the monthly rate.

13.8 Scheduling of Firm Point-To-Point Transmission Service

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. (Pacific time) [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers

service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

For any requests for Non-Firm Transmission Service for which this Tariff establishes the earliest time such requests are permitted to be submitted, any requests for such service submitted within the five (5) minute window immediately following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transfer capability is not available to meet all such requests submitted within any such five minute window, the otherwise applicable priorities shall apply to allocation of transfer capability to such requests; provided that, if the otherwise applicable priorities would be to allocate transfer capability to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transfer capability shall instead be allocated in equal amounts to each Transmission Customer that has submitted one or more of such requests but not in excess of the requested amount for any such request.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under

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

related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8. In the event that a Transmission Customer exceeds its non-firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer shall pay a Unreserved Use Penalty charge equal to the sum of

(i) a charge for the unreserved service equal to twice the applicable rate(s) for Non-Firm Point-to-Point Transmission Service (exclusive of any Ancillary Services rate(s)) and

(ii) a charge equal to the applicable rate(s) for any Ancillary Services (exclusive of charges pursuant to Schedules 4, 4R and 9) associated with such unreserved service and which is provided by Transmission Provider but for which Transmission Customer does not otherwise pay under the Tariff.

For unreserved use within a single day, the penalty charge shall be based on the daily rate. For unreserved use in two or more days in a calendar week, the penalty charge shall be based on the weekly rate. For multiple instances of unreserved use in more than one calendar week in a calendar month, the penalty charge shall

be based on the monthly rate.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. (Pacific time) [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next clock hour provided that the

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

(2) The loss factor for determining the amount of losses associated with any Transmission Service over the Washington Area transmission facilities shall be one point three eight-percent (1.38%) of the scheduled capacity and energy for which Transmission Service is provided.

(3) The loss factor for determining the amount of losses associated with any Transmission Service over Washington Area Wholesale Distribution System shall be one point three two percent (1.32%) of capacity and energy for which Transmission Service is provided, in addition to the Washington Area Transmission losses.

15.8 Distribution of Unreserved Use Penalty Amounts

For any month for which Transmission Provider assesses any Unreserved Use Penalty under Section 13.7(c) or Section 14.5 of this Tariff, Transmission Provider shall credit to Qualified Transmission Customers for such month an amount equal to fifty percent (50%) of the amount of such Unreserved Use Penalty (exclusive of any such amount arising from any charge for Ancillary Services). For each such month, the amount of such credit shall be allocated among Qualified Transmission Customers for such month in proportion to their respective Qualified Transmission Loads for such month.

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

For purposes of this Section 15.8, the following definitions shall apply:

(a) "Qualified Transmission Customer" for any month means each of the following in such month:

(i) Long-Term Firm Point-To-Point Transmission Service Customer for Transmission Service,

(ii) Network Customer for Transmission Service, or

(iii) Transmission Provider on behalf of its Native Load Customers;

provided, that any Transmission Customer that is assessed any Unreserved Use Penalty for such month shall not be a Qualified Transmission Customer under this Section 15.8 for such month.

(b) "Qualified Transmission Load" for any month means the following with respect to each Qualified Transmission Customer:

(i) for each Long-Term Firm Point-To-Point Transmission Service Customer, its Reserved Capacity for Transmission Service,

(ii) for each Network Customer, its monthly Network Load in such month computed in accordance with Section 34.2 of the Tariff; or

(iii) for Transmission Provider on behalf of its Native Load Customers, the hourly load in such month of its Native Load Customers coincident with the Transmission

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

Provider's Monthly Transmission System Peak for such month (computed consistent with computations pursuant to Section 34 of the Tariff).

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

(a) The Transmission Customer has pending a Completed Application for service;

(b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;

(c) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load 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 (i) load not within its Control Area from a generator located within its Control Area or (ii) load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

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

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

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the 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 (i) load not within its Control Area from a generator located within its Control Area or (ii) load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

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

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

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined consistent with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 Distribution Facilities Charge: _____

8.3 System Impact and/or Facilities Study Charge(s): _____

8.4 Direct Assignment Facilities Charge: _____

8.5 Network Upgrades Charge and Charge for Other New and Upgraded Facilities:

8.6 Redispatch Costs: _____

8.7 Ancillary Services Charges:

8.8 Other Charges: _____

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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.53 Transmission System

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

1.54 Unreserved Use Penalty

Any penalty rate charged for unreserved use of Point-To-Point Transmission Service. Any Unreserved Use Penalty shall be as stated in Section 13.7(c) or Section 14.5 of this Tariff. Any Overrun System Use Charge specified in any Service Agreement shall not be assessed.

1.545 Wholesale Distribution Service

Service provided to wholesale transmission customers using the Transmission Provider's Wholesale Distribution System.

1.565 Wholesale Distribution System

Except for those facilities designated as Direct Assignment Facilities, all facilities owned, controlled or operated by the Transmission Provider that are used to provide Wholesale Distribution Service, including all 115 kV (except for the Anderson Canyon-Beverly Line which is part of the Transmission System), 66 kV, and 55 kV facilities, and the Shannon Substation (34.5 kV) facility.

1.576 Working Day

The days Monday through Friday, excluding any prescheduling holiday observed by the Western Electricity Coordinating Council.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing

end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to [the acceptance by the Commission of the Transmission Provider's Attachment K], unless terminated, will become subject to the five year/one year requirement on the first rollover date after [the acceptance by the Commission of the Transmission Provider's Attachment K].

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, (iv) Operating Reserve - Supplemental, and (v) Generator Imbalance. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. ~~The~~

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In addition, the Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services to the Transmission Customer serving load not within the Transmission Provider's Control Area from a generator located within the Transmission Provider's Control Area (i) Operating Reserve - Spinning, (ii) Operating Reserve - Supplemental, and (iii) Generator Imbalance. The Transmission Customer serving load not within the Transmission Provider's Control Area from a generator located within Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source.

~~The~~

The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6 and 9) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three

shorter duration requests shall have simultaneous opportunities to exercise the right of first refusal. Duration, pre-confirmation status, price and time of response will be used to determine the order by which the multiple shorter duration requests will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

(iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

(v) For any requests for Firm Transmission Service for which the Transmission Provider's business practices establish the earliest time such requests are permitted to be submitted, any requests for such service submitted within thea five (5) minute window immediately following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transfer capability is not available to meet all such requests submitted within any such five minute window, the otherwise applicable priorities shall apply to allocation of transfer capability to such requests; provided that, if the otherwise applicable priorities would be to allocate transfer capability to transmission requests on a first-come, first-served basis (i.e., in the chronological

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Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved. In the event that a Transmission Customer exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer shall pay a Unreserved Use Penalty charge equal to the sum of

(i) a charge for the unreserved service equal to twice the applicable rate(s) for Firm Point-to-Point Transmission Service (exclusive of any Ancillary Services rate(s)) and

(ii) a charge equal to the applicable rate(s) for any Ancillary Services (exclusive of charges pursuant to Schedules 4, 4R and 9) associated with such unreserved service and which is provided by

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Transmission Provider but for which Transmission Customer does not otherwise pay under the Tariff.

For unreserved use within a single day, the penalty charge shall be based on the daily rate. For unreserved use in two or more days in a calendar week, the penaltycharge shall be based on the weekly rate. For multiple instances of unreserved use in more than one calendar week in a calendar month, the penalty charge shall be based on the monthly rate.

13.8 Scheduling of Firm Point-To-Point Transmission Service

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. (Pacific time) [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers

service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

For any requests for Non-Firm Transmission Service for which this Tariff establishes the earliest time such requests are permitted to be submitted, any requests for such service submitted within athe five (5) minute window immediately following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transfer capability is not available to meet all such requests submitted within any such five minute window, the otherwise applicable priorities shall apply to allocation of transfer capability to such requests; provided that, if the otherwise applicable priorities would be to allocate transfer capability to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transfer capability shall instead be allocated in equal amounts to each Transmission Customer that has submitted one or more of such requests but not in excess of the requested amount for any such request.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under

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related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8. In the event that a Transmission Customer exceeds its non-firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer shall pay a Unreserved Use Penalty charge equal to the sum of

(i) a charge for the unreserved service equal to twice the applicable rate(s) for Non-Firm Point-to-Point Transmission Service (exclusive of any Ancillary Services rate(s)) and

(ii) a charge equal to the applicable rate(s) for any Ancillary Services (exclusive of charges pursuant to Schedules 4, 4R and 9) associated with such unreserved service and which is provided by Transmission Provider but for which Transmission Customer does not otherwise pay under the Tariff.

For unreserved use within a single day, the penalty charge shall be based on the daily rate. For unreserved use in two or more days in a calendar week, the penalty charge shall be based on the weekly rate. For multiple instances of unreserved use in more than one calendar week in a calendar month, the penalty charge shall

be based on the monthly rate.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. (Pacific time) [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next clock hour provided that the

(2) The loss factor for determining the amount of losses associated with any Transmission Service over the Washington Area transmission facilities shall be one point three eight-percent (1.38%) of the scheduled capacity and energy for which Transmission Service is provided.

(3) The loss factor for determining the amount of losses associated with any Transmission Service over Washington Area Wholesale Distribution System shall be one point three two percent (1.32%) of capacity and energy for which Transmission Service is provided, in addition to the Washington Area Transmission losses.

15.8 Distribution of Unreserved Use Penalty Amounts

For any month for which Transmission Provider assesses any Unreserved Use Penalty under Section 13.7(c) or Section 14.5 of this Tariff, Transmission Provider shall credit to Qualified Transmission Customers for such month an amount equal to fifty percent (50%) of the amount of such Unreserved Use Penalty (exclusive of any such amount arising from any charge for Ancillary Services). For each such month, the amount of such credit shall be allocated among Qualified Transmission Customers for such month in proportion to their respective Qualified Transmission Loads for such month.

For purposes of this Section 15.8, the following definitions shall apply:

(a) "Qualified Transmission Customer" for any month means each of the following in such month:

(i) Long-Term Firm Point-To-Point Transmission Service Customer for Transmission Service,

(ii) Network Customer for Transmission Service, or

(iii) Transmission Provider on behalf of its Native Load Customers;

provided, that any Transmission Customer that is assessed any Unreserved Use Penalty for such month shall not be a Qualified Transmission Customer under this Section 15.8 for such month.

(b) "Qualified Transmission Load" for any month means the following with respect to each Qualified Transmission Customer:

(i) for each Long-Term Firm Point-To-Point Transmission Service Customer, its Reserved Capacity for Transmission Service,

(ii) for each Network Customer, its monthly Network Load in such month computed in accordance with Section 34.2 of the Tariff; or

(iii) for Transmission Provider on behalf of its Native Load Customers, the hourly load in such month of its Native Load Customers coincident with the Transmission

Provider's Monthly Transmission System Peak for such month (computed consistent with computations pursuant to Section 34 of the Tariff).

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

(a) The Transmission Customer has pending a Completed Application for service;

(b) The Transmission Customer meets the creditworthiness criteria set forth in Section 11;

(c) The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load 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 (i) load not within its Control Area from a generator located within its Control Area or (ii) load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

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

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

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the 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 (i) load not within its Control Area from a generator located within its Control Area or (ii) load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

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

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined consistent with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 Distribution Facilities Charge: _____

8.3 System Impact and/or Facilities Study Charge(s): _____

8.4 Direct Assignment Facilities Charge: _____

8.5 Network Upgrades Charge and Charge for Other New and Upgraded Facilities:

8.6 Redispatch Costs: _____

8.7 Ancillary Services Charges:

~~8.8 Overrun System Use Charge: 100 mills/kilowatt-hour~~

8.98 Other Charges: _____

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