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Electronic Filing

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

**Re: *Puget Sound Energy, Inc.*, Docket No. ER11-____-000
Revisions to Open Access Transmission Tariff Section 4.2; Attachments A,
A-1, and B; and Proposed New Attachment N**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Part 35 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, 18 C.F.R. Part 35 (2010), Puget Sound Energy, Inc. ("Puget"), hereby submits, via eTariff, proposed revisions to its FERC-filed Open Access Transmission Tariff ("OATT" or "Tariff"). Specifically, Puget proposes to revise Section 4.2 of the OATT and incorporate a new Attachment N to specify the North American Energy Standards Board's ("NAESB") Open Access Same-Time Information System ("OASIS") Business Practice Standards transmission service products offered by Puget to customers under the Tariff.

Puget also proposes to revise its pro forma service agreements currently included in OATT Attachment A (Firm Point-to-Point Transmission Service), Attachment A-1 (Resale, Reassignment, or Transfer of Point-to-Point Transmission Service), and Attachment B (Non-Firm Point-to-Point Transmission Service) to include a three-year term for all umbrella service agreements for short-term service in order to maintain an accurate list of all active customers. In addition, Puget proposes several other revisions to the service agreement provisions in order to simplify all aspects of service under those agreements. The proposed revisions are to be incorporated into Puget's FERC Electric Tariff Eighth Revised Volume No. 7.

I. PURPOSE AND DESCRIPTION OF REVISIONS

A. Revisions to Section 4.2 and Inclusion of New Attachment N

Section 4.2 of Puget's filed OATT currently identifies and incorporates by reference numerous standards promulgated by the Wholesale Electric Quadrant ("WEQ") of NAESB, including the transmission service product definitions established by NAESB as part of the OASIS Business Practice Standards (WEQ-001). Specifically, NAESB defines numerous "fixed," "sliding," and "extended" transmission service products for hourly, daily, monthly, and yearly service (WEQ-001-2.1.1 – WEQ-001-2.1.3), and a "Next Increment Hourly" product (WE-001-2.1.4). Puget currently incorporates by reference all of the definitions included in WEQ-001-2.1.1 through 001-2.1.4 in Section 4.2 without in the OATT itself limiting the specific transmission service products actually offered by Puget.

It has been the practice of numerous transmission providers to generically incorporate by reference the NAESB Standards. It now appears that this practice includes the implication that all transmission service products are offered because, in a recent case, the Commission determined that "[w]hile the Commission does not require transmission providers to adopt each of the flexible services included in the NAESB Standards, the Commission does require the OATT to state accurately which services are offered."¹ The Commission further explained that with respect to practices that significantly affect rates, terms, and conditions of service, "[c]ustomers need to have proper notice in order to be able to obtain services on a just and reasonable and not unduly discriminatory basis."² Thus, under *Cargill*, any limitations on transmission service product offerings included in the business practices of individual transmission providers may no longer be effective in carrying out the true intent of the transmission provider.

Therefore, in accordance with the guidance provided in *Cargill*, and to make sure that the incorporation by reference to the NAESB Standards is not misunderstood by any transmission customer, Puget now seeks to specify in the OATT the specific transmission service products that may be taken by transmission service customers under the Puget Tariff. Puget therefore proposes to limit the transmission service products offered in OATT Section 4.2 and refer customers to a new Attachment N in the OATT.³ Attachment N, in turn, specifies the transmission service products offered by Puget.

Specifically, the new Attachment N identifies the following transmission service products that Puget offers to transmission customers: Fixed Hourly (WEQ-001-2.1.1);

¹ *Cargill Power Markets, LLC v. Public Service Company of New Mexico*, 132 FERC ¶ 61,079 at P 22 (July 29, 2011) (internal references omitted).

² *Id.* at P 23.

³ Puget also proposes to refer customers to new Attachment N in each of the pro forma service agreements in Attachments A, A-1, and B. This revision is described in more detail below.

Fixed Daily (WEQ-001-2.1.2); Extended Weekly (WEQ-001-2.1.11); Extended Monthly (WEQ-001-2.1.12); and, Extended Yearly (WEQ-001-2.1.13).

New Attachment N also specifies that Puget does not offer any of the following transmission service products: Fixed Weekly (WEQ-001-2.1.3); Fixed Monthly (WEQ-001-2.1.4); Fixed Yearly (WEQ-001-2.1.5); Sliding Daily (WEQ-001-2.1.6); Sliding Weekly (WEQ-001-2.1.7); Sliding Monthly (WEQ-001-2.1.8); Sliding Yearly (WEQ-001-2.1.9); Extended Daily (WEQ-001-2.1.10); and, Next Incremental Hourly (WEQ-001-2.1.14).

The proposed revisions described above are simply designed to clarify, in the OATT, those transmission service products offered by Puget and to respond to the Commission's recent directive in *Cargill*. The revisions, therefore, should be accepted by the Commission without condition.

B. Revisions to *Pro Forma* Service Agreements

In Order No. 888,⁴ the Commission established a policy under the OATT that enables transmission customers to enter into non-transaction specific "umbrella" or "blanket" transmission service agreements for transmission service.⁵ Those customers seeking short-term or non-firm service simply need to execute the two-page *pro forma* agreement for the relevant type of service (firm, non-firm, or resale/reassignment/transfer service). Once the umbrella agreement is executed, transmission customers may enter into short-term and non-firm transactions when necessary by submitting requests for specific transactions on the transmission provider's OASIS. Transmission service customers seeking long-term service, on the other hand, are required to complete the Specification sheets attached to the *pro forma* agreement, where applicable.

While the long-term service transactions include a specified term of service in the Specifications sheet, the umbrella agreements for short-term service include no initial term. This policy, as described below, has led to significant inefficiencies in the administration of Puget's transmission service agreements and numerous "open" transmission service agreements with inactive customers or agreements with stale contact information.

Puget, therefore, proposes to include a three-year term for each umbrella, blanket authorizing agreement.⁶ Under the proposed revisions, following an initial term of three

⁴ *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*; Order No. 888, 61 Fed. Reg. 21540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996).

⁵ The Commission's *pro forma* OATT includes *pro forma* agreements in Attachments A (Firm Point-to-Point Transmission Service), A-1 (Resale, Reassignment, or Transfer of Point-to-Point Transmission Service), and B (Non-Firm Point-to-Point Transmission Service). Puget has incorporated the *pro forma* agreements into its Tariff.

⁶ Puget notes that it is unnecessary to include this revision for long-term transactions inasmuch as those transactions include a set term as provided in the relevant specification sheet. Puget clarifies this point with

years, a customer will be required to enter into a new umbrella agreement for up to an additional three-year term.⁷ Puget will attempt to contact each transmission customer prior to the expiration of any umbrella agreement and provide the customer with a new umbrella agreement.

The proposed three-year term will assist Puget in the proper administration of its OATT by allowing Puget to keep an accurate, up-to-date listing of all active transmission customers. Puget has found that transmission customers often discontinue taking short-term service on the Puget system for one reason or another or change contact information, but do not inform Puget of such change or that it no longer needs transmission service on the Puget transmission system. Puget, therefore, has numerous outstanding service agreements for short-term service that have not been utilized for many years and that present an administrative and reporting burden on Puget. The three year term will streamline Puget's administrative and reporting function.

In addition, the three year term will ensure that Puget's Electric Quarterly Reports ("EQR") that are submitted with the Commission are accurate because the data will be easily maintained and tracked through a formal and more efficient mechanism. Puget will be able to provide the most up-to-date listing of its active transmission service transactions for review by the Commission.

The three year term will also ensure that all short-term transmission customers are on a regular cycle to update their continued desire to remain a transmission customer under the Puget Tariff. This proposed revision will not place any increased burden on transmission customers – transmission customers will simply need to execute a new short-term umbrella agreement for an additional three year period.⁸

The Commission will permit revisions to the *pro forma* OATT if the proposed revisions are consistent with, or superior to, the *pro forma* OATT.⁹ Puget has found that transmission service customers often discontinue service without informing Puget, change identified contact information, or include information that is known to be inaccurate. The inclusion of a three-year term for short-term transactions, therefore, is superior to the *pro forma* OATT because the three-year term will ensure proper administration of the Tariff and more efficient documentation and reporting of transmission service transactions by Puget. The proposed revisions do not alter the underlying terms and conditions of service for any transmission customer, but simply affords Puget the ability to ensure more efficient tracking of its customers which in turn

a proposed revision to the *pro forma* agreement in Section 6.0 of Attachment A, Section 5.0 of Attachment A-1, and Section 7.0 of Attachment B.

⁷ These revisions appear in Section 6.0 of Attachment A, Section 5.0 of Attachment A-1, and Section 7.0 of Attachment B

⁸ The ability to execute *pro forma* short-term umbrella agreements does not require system impact studies or any other burden on transmission customers, so a requirement to execute new service agreements every three years will not place any obligation on a transmission customer or delay service in any manner.

⁹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 FR 12266 (March 15, 2007), FERC Stats. & Regs. ¶ 31,241 at P 135 (2007).

permits Puget to effectively receive and use data for its regulatory reporting requirements.

Once the revisions are accepted by the Commission, Puget will ask all current short term umbrella transmission service customers to execute new umbrella agreements to get all current customers on the three-year cycle.¹⁰ As noted above, the terms and conditions of Puget's service will not change. The only difference will be that each customer would need to enter into a new service agreement for an additional three years after the current arrangements expire.

In addition to the proposed revision to the *pro forma* agreements described above, Puget uses this opportunity to propose several clarifying revisions to the agreements so there is no confusion for customers seeking transmission service on the Puget transmission system. First, Puget proposes language in each *pro forma* agreement that clarifies the Commission's umbrella service agreement policy. Specifically, Puget proposes to include the following language regarding short-term transactions:

Transmission Customers requesting Short-Term Point-to-Point Service shall consider this agreement as a blanket authorizing agreement for such Service. Requests for specific Short-Term Firm Point-to-Point Transmission Service transactions must be submitted on the Transmission Provider OASIS.¹¹

In addition, Puget proposes to include the following language regarding long-term transactions in Attachment A: "Transmission Customers requesting Long-Term Firm Point-to-Point Transmission Service shall complete the Specifications sheet attached hereto."¹² Puget also proposes to require that each assignee under Attachment A-1 fill-out the Specifications sheet attached thereto because, particularly with respect to individual reservations under blanket service agreements, more specificity is needed, including OASIS reservation numbers, the amount of capacity resold, reassigned, or transferred, etc., in order for Puget to properly track what is being assigned to the third party to ensure that there is no confusion by any party.

The Commission's *pro forma* OATT does not include a specifications sheet for the non-firm transmission service product in Attachment B. As a result, Puget also proposes to eliminate the specification sheet currently included in Attachment B of the

¹⁰ It is not necessary for long-term point-to-point customers to execute new agreements because their transactions are already set for a fixed term.

¹¹ This revision appears in Section 4.0 of Attachment A and Section 2.0 of Attachment A-1. The proposed revision in Section 5.0 of Attachment B is a bit different because the *pro forma* OATT does not differentiate between long-term and short-term requests for the non-firm transmission service product. The proposed revision in Attachment B, therefore, reads: "Transmission Customers requesting Non-Firm Point-to-Point Transmission Service shall consider this agreement as a blanket authorizing agreement for such service. Requests for specific Non-Firm Point-to-Point Transmission Service transactions must be submitted on the Transmission Provider's OASIS."

¹² This revision appears in Section 5.0 of Attachment A.

Puget OATT. This change simply conforms Puget's OATT to the Commission's *pro forma* OATT.

These proposed revisions do not alter the terms and conditions of the existing agreements and are simply designed to make clear the current policy of how customers obtain short and long-term transmission service under the OATT. The proposed changes specifying the umbrella service agreement short-term and long-term transaction consideration are consistent with Commission policy and the Commission's *pro forma* OATT.

Second, Puget proposes to refer customers to the new Attachment N described above so the customers are on notice of the specific transmission service products offered by Puget.¹³ The justification for this proposed revision is described in detail above.

II. INFORMATION REQUIRED BY 18 C.F.R. § 35.13(B)

A. Contents of Filing

Puget respectfully tenders the following for filing:

- This transmittal letter;
- Clean versions of Puget's tariff sheets modified in this filing, attached hereto as Attachment A;
- Redlined versions of Puget's tariff sheets modified in this filing, attached hereto as Attachment B; and
- New OATT Attachment N, attached hereto as Attachment C.

B. Proposed Effective Date

Puget seeks an effective date of October 1, 2011.

C. Brief Description of Changes

See discussion under Section I of this transmittal letter.

D. Reasons for the Rate Schedule Changes

See discussion under Section I of this transmittal letter.

¹³ This revision appears in Section 7.0 of Attachment A, Section 7.0 of Attachment A-1, and Section 10.0 of Attachment B.

E. Showing that All Requisite Agreements have been Obtained

No agreements of other parties are necessary.

F. Statement Regarding Illegal, Duplicative or Unnecessary Costs

None of the costs included in the attached tariff sheets have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

G. Federal Register Notice

In accordance with the Commission's April 6, 2007 *Notice of Electronic Filing Guidelines for Open Access Transmission Tariffs and Related Filings Pursuant to Commission Order 890 and 18 C.F.R. Parts 35 and 37*, Puget has not included a Form Notice with this filing.

H. Communication

Puget requests that any communications regarding this filing be sent to the following individuals:

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IV. SERVICE

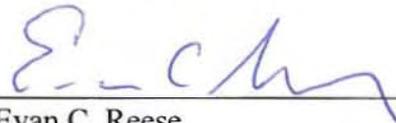
A copy of this filing has been served upon all current transmission service customers and posted on Puget's OASIS.

Kimberly D. Bose, Secretary
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V. CONCLUSION

For all the foregoing reasons, Puget respectfully requests that the Commission accept the proposed tariff revisions to its OATT as described above and permit the revisions to become effective on October 1, 2011.

Respectfully submitted,



Evan C. Reese

Attachments