



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

February 25, 2010

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

RE: NERC Notice of Penalty regarding Puget Sound Energy, Inc., FERC Docket No.  
NP10-37-000

Dear Ms. Bose:

On February 1, 2010, NERC submitted a Notice of Penalty regarding Puget Sound Energy, Inc. (PSEI) in the referenced proceeding. By this filing, the North American Electric Reliability Corporation (NERC) and the Western Electricity Coordinating Council (WECC) provide the following information regarding the risk impact of the violations addressed in support of the pending Notice of Penalty.

**EOP-001-0 R6**

Standard EOP-001-0 R6 requires the Transmission Operator and Balancing Authority to annually review and update each emergency plan document and provide a copy of the updated emergency plans to the Reliability Coordinator and neighboring Transmission Operators and Balancing Authorities. PSEI had not annually updated one of the ten documents that constituted its emergency plan, had not provided all of these documents to its Reliability Coordinator and had not met the document distribution requirements of the Reliability Standard.

WECC determined that the violation of EOP-001-0 R6 posed a minimal risk to the reliability of the bulk power system (BPS) for the following reasons. PSEI's system reportedly included, at the time of the subject violation, 324 miles of 230 kV and 1,645 miles of 115 kV transmission lines with most of PSEI's 230 kV assets located at its interconnections with Bonneville Power Administration (BPA) and its 115 kV lines serving as sources for its distribution substations. PSEI had maintained all but one of its ten emergency plans within 365 days of last review and the one outstanding plan (*PSEI's Puget Sound Area Voltage Collapse Plan*) had been updated in December 2007 approximately 13-14 months after last previous review in October 2006. At the time of discovery of this violation in November 13-16, 2007, at the on-site audit by WECC, PSEI had distributed four of its emergency plan documents to the Reliability Coordinator and copies of all documents were subsequently distributed to all required parties by December 20, 2007. Accordingly, for these reasons, WECC determined that the violation did not pose a serious or significant risk to the reliability of the BPS.

**FAC-003-1 R1**

This Reliability Standard requires Transmission Operators to keep current a formal transmission vegetation management program (TVMP). R1.3 of the standard requires relevant personnel to hold appropriate qualifications and training to perform their duties. PSEI failed to produce evidence that all such personnel were fully and formally trained, as required by PSEI's TVMP, at the time of WECC conducted its on-site compliance audit of PSEI on November 13-16, 2007.

WECC determined that the violation of FAC-003-1 R1 did not pose serious or significant risk to the reliability of the BPS, because: (1) evidence was presented at the audit that informal training had been provided to employees and contractors on the relevant PSEI process (Imminent Threat Notification); (2) PSEI provided the audit team a schedule demonstrating that the formal training for this process was scheduled to be completed by year end December 2007; (3) the schedule provided to the auditors was subsequently met on December 20, 2007; and (4) PSEI stated that its Transmission Vegetation Management Plan memorialized PSEI's already long-standing practices of employees and contractors identifying and reporting imminent vegetation threats.

Based upon its consideration of the foregoing risk assessments, NERC also concluded that the violations did not pose serious or substantial risks to the bulk power system as discussed above.

Please contact me if you have any questions.

Sincerely,

*/s/ Rebecca J. Michael*  
Rebecca J. Michael  
Assistant General Counsel for North  
American Electric Reliability  
Corporation