

148 FERC ¶ 61,014
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 8, 2014

In Reply Refer To:
Southwest Power Pool, Inc.
Docket Nos. ER14-1225-000
ER14-1225-001

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223

Attn: Matthew Harward
Attorney for Southwest Power Pool, Inc.

Dear Mr. Harward:

1. On May 7, 2014, you filed an Unopposed Stipulation and Offer of Settlement (Settlement Agreement) in the above captioned proceeding on behalf of Southwest Power Pool, Inc. (SPP), Southwestern Public Service Company (SPS), and Lea County Electric Cooperative, Inc. (Lea County) (collectively, Settling Parties). On May 27, 2014, the Commission's Trial Staff filed comments supporting the Settlement. No other comments were filed. On June 10, 2014, the Chief Administrative Law Judge certified the Settlement to the Commission as uncontested.¹

2. The Settlement Agreement resolves all the issues set for hearing in the above captioned proceeding, concerning the recovery of revenue requirements for SPP member Lea County be included in the SPS Zone 11 pricing zone under SPP's open access transmission tariff.

3. Pursuant to Section 4.1 of the Settlement Agreement,

[t]he standard of review for any change to this Settlement Agreement proposed by a Settling Party shall be the "public interest" application of the just and reasonable standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *Federal Power*

¹ *Southwest Power Pool, Inc.*, 147 FERC ¶ 63,013 (2014).

Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish County, Washington*, 128 S. Ct. 2733, 171 L. Ed. 2d 607 (2008) and refined in *NRG Power Mktg. v. Maine Pub. Utils Comm'n*, 130 S. Ct. 693, 700 (2010). The ordinary just and reasonable standard of review (rather than the “public interest” standard), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish County, Washington*, 128 S. Ct. 2733, 171 L. Ed. 2d 607 (2008), applies to changes to the Settlement Agreement sought by the Commission acting *sua sponte* or at the request of a non-Settling Party to this proceeding.

4. The Settlement Agreement appears to be fair and reasonable and in the public interest and is hereby approved. Refunds and adjustments shall be made pursuant to the Settlement Agreement. The Commission’s approval of this Settlement Agreement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. A compliance filing in eTariff format must be made within 30 days of the date of this order to ensure that the electronic tariff provisions reflect the Commission’s actions in this order.²

5. This letter order terminates Docket Nos. ER14-1225-000 and ER14-1225-001.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

² See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276, at P 96 (2008).