

153 FERC ¶ 61,273
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 4, 2015

In Reply Refer To:
Arizona Public Service Company
Docket Nos. ER15-710-002
ER15-710-003

Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004

Attention: John D. McGrane

Dear Mr. McGrane:

1. On September 3, 2015, you filed a settlement agreement (Settlement) in the above-captioned proceeding on behalf of Arizona Public Service Company (APS). The Settlement is between APS and Electrical District No. 3 of Pinal County, Arizona (ED3) (collectively, the Settling Parties). On September 22, 2015, Commission Trial Staff submitted initial comments in support of the Settlement. On October 13, 2015, the Settlement Judge certified the Settlement to the Commission as uncontested.¹

2. Article IV provides that:

The 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 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., LLC v. Maine Pub. Utils. Comm’n*, 130 S. Ct. 693, 700 (2010). The just and reasonable standard of review (rather than the “public interest” standard), as clarified in *Morgan Stanley*

¹ *Arizona Public Service Co.*, 153 FERC ¶ 63,003 (2015).

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 or non-party to this proceeding.

3. The Settlement resolves all issues in dispute in these proceedings. The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings.

4. Insofar as the Settlement was not filed in the eTariff format as required by Order No. 714, APS is required to make a compliance filing within 30 days in eTariff format to reflect the Commission's action in this order.²

5. In accordance with Article III of the Settlement, the Settling Parties will make any necessary refunds to reflect the rates provided in the Settlement.

6. On July 1, 2015, ED3 filed a request for rehearing in Docket No. ER15-710-003 of the Commission's June 1, 2015 order. On August 28, 2015, ED3 filed an unopposed motion for suspension of Commission consideration of its request for rehearing, pending approval of the Settlement. The request for rehearing is to be withdrawn, consistent with the terms of the Settlement.³ As specified in the Settlement, the commencement date for the service agreements included as an exhibit thereto shall be June 1, 2015.

7. This letter order terminates Docket Nos. ER15-710-002 and ER15-710-003.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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

³ Article III provides that ED3 will make a filing withdrawing said request for rehearing within five business days of the date this letter order approving the Settlement issues.