

156 FERC ¶ 61,124
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 23, 2016

In Reply Refer To:
Southwest Power Pool, Inc.
Docket No. ER15-1943-000

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

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

Dear Mr. Harward:

1. On June 20, 2016, you filed a Joint Offer of Settlement (Settlement) in the above-referenced proceeding on behalf of Southwest Power Pool, Inc. (SPP) and the other settling parties.¹ The Settlement resolves all issues that the Commission set for hearing and settlement judge procedures in its September 30, 2015 Order Accepting Tariff Revisions Implementing Formula Rates and Establishing Hearing and Settlement Judge Procedures.²

¹ The settling parties are Missouri River Energy Services (Missouri River), Basin Electric Power Cooperative, Central Power Electric Cooperative, Inc., NorthWestern Corporation, Western Area Power Administration, Missouri Public Service Commission, and SPP. In addition, Xcel Energy Services Inc., on behalf of its utility operating company affiliates Southwestern Public Service Company, Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, does not oppose the Settlement.

² *Sw. Power Pool, Inc.*, 152 FERC ¶ 61,247 (2015).

2. On July 11, 2016, Commission Trial Staff filed comments supporting the Settlement. No other comments were filed. On July 22, 2016, the Settlement Judge certified the Settlement to the Commission as uncontested.³

3. The Settlement addresses revisions to the SPP Open Access Transmission Tariff (Tariff) to add a formula rate to accommodate the recovery of an annual transmission revenue requirement for Missouri River to support cost recovery for certain Missouri River facilities that are under SPP's functional control. The Settlement contains a formula rate template and implementation protocols that include changes from what was initially filed. Among other changes, the Settlement provides that Missouri River will use a cash flow template instead of the non-levelized template that was initially filed and will directly assign more costs in place of using the single gross plant allocation methodology. The Settlement also sets forth the settling parties' agreement regarding the facilities that meet the definition of "Transmission Facilities" in Attachment AI, Transmission Facility Criteria and Pre-Filing Review Process, of the SPP Tariff.

4. With respect to the standard of review for modifications to the Settlement, Article VI of the Settlement provides that

[u]nless the Settling Parties otherwise agree in writing, the standard of review for any modification to this Settlement proposed by one of the Settling Parties after the Settlement has become effective in accordance with Article IV shall be the "public interest" application of the just and reasonable standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the *Mobile-Sierra* doctrine), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008) and refined in *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165, 174-75 (2010). The standard of review for any modifications to this Settlement requested by a non-settling party or initiated by the Commission acting *sua sponte* will be the ordinary just and reasonable standard of review. See *Morgan Stanley Capital Group Inc. v. Public Util. Dist. No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008).

5. 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 this proceeding.

³ *Sw. Power Pool, Inc.*, 156 FERC ¶ 63,010 (2016).

6. SPP is directed to file revised tariff records in eTariff format,⁴ within 30 days of the date of this order, to reflect the Commission's action in this order.

7. This letter order terminates Docket No. ER15-1943-000.

By direction of the Commission. Commissioner Clark is not participating.

Kimberly D. Bose,
Secretary.

⁴ See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).