

156 FERC ¶ 61,139
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 29, 2016

In Reply Refer To:
FirstEnergy Solutions Corp.
Docket Nos. ER15-1510-000
ER15-1510-001

Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004

Attention: Tyler Brown, Esq.
Attorney for FirstEnergy Service Company

Dear Mr. Brown:

1. On April 15, 2015, pursuant to section 205 of the Federal Power Act,¹ FirstEnergy Service Company (FirstEnergy), on behalf of FirstEnergy Solutions Corp., submitted revisions to its Rate Schedule FERC No. 1 (Reactive Power Schedule), which sets forth the cost-based revenue requirement for the provision of Reactive Supply and Voltage Control from Generation Sources Service (Reactive Power Service) to PJM Interconnection, L.L.C. On August 31, 2015, the Commission issued an order accepting FirstEnergy's proposed Reactive Power Schedule, suspending it for five months, effective November 16, 2015, subject to refund, and establishing hearing and settlement judge procedures.²

2. On February 8, 2016, you filed a proposed Offer of Settlement (Settlement) in the above-referenced proceedings on behalf of FirstEnergy. The Settlement resolves the issues set for hearing by the Commission's August 31 Order.

¹ 16 U.S.C. § 824d (2012).

² *FirstEnergy Solutions Corp.*, 152 FERC ¶ 61,164 (2015) (August 31 Order).

3. On February 29, 2016, Commission Trial Staff filed initial comments in support of the Settlement. No other comments were filed. On March 11, 2016, the settlement judge certified the Offer of Settlement to the Commission as uncontested.

4. Section 2.4 of the Settlement provides that:

[f]or newly constructed generation units or newly acquired units added to FES's generation fleet (including generators owned by any affiliate of FES) which have not previously supplied reactive power services to PJM, FES shall have the right to file under FPA Section 205 to establish an "initial" rate for each new generation unit effective as of the date of commercial operation of such unit.

5. Section 3.5 of the Settlement provides that:

[n]othing in this Offer of Settlement is intended to affect the Commission's authority, pursuant to Section 205 of the Federal Power Act or otherwise, to review, accept (with or without conditions or modifications) or reject this Offer, or the legal standard applicable to the exercise of such authority. As such, any modification of the settlement would be governed by the "just and reasonable" standard.

6. Approval of the Settlement is conditioned upon the parties removing the word "initial" from section 2.4. Any determination by the Commission in response to an applicant requesting treatment as an initial rate in a subsequent section 205 filing would be made based on the applicable facts and law. It is not appropriate for a settlement to seek to prejudge the right to file initial rates.

7. Otherwise, the Settlement appears to be fair, reasonable, and in the public interest and is hereby approved. The Commission's approval of this Settlement Agreement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

8. FirstEnergy is directed to file revised tariff records effective November 16, 2015 in eTariff format, within 30 days of the date of this order, to reflect the Commission's action in this order.³

³ *Electronic Tariff Filings*, Order No. 714, FERC Stats & Regs. ¶ 31,276 (2008).

9. This letter order terminates Docket Nos. ER15-1510-000 and ER15-1510-001.
By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.