

157 FERC ¶ 61,008
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 4, 2016

In Reply Refer To:
NorthWestern Corporation
Southwest Power Pool, Inc.
Docket Nos. ER15-2069-000
ER15-2075-000
(Consolidated)

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

Attention: Gerard A. Clark, Esq.
Attorney for NorthWestern Corporation

Dear Mr. Clark:

1. On August 12, 2016, you filed an Offer of Settlement (Settlement) in the above-referenced proceeding on behalf of NorthWestern Corporation (NorthWestern) and the other settling parties.¹ On September 1, 2016, Commission Trial Staff filed comments supporting the Settlement. No other comments were filed. On September 13, 2016, the Settlement Judge certified the Settlement to the Commission as an uncontested settlement.²

2. The Settlement addresses NorthWestern's proposed formula rate template and formula rate protocols to calculate its annual transmission revenue requirement in SPP, and revisions to the SPP Open Access Transmission Tariff to incorporate NorthWestern's proposed formula rate. The Settlement includes a revised version of NorthWestern's

¹ The settling parties are Southwest Power Pool, Inc. (SPP), Western Area Power Administration, Missouri River Energy Services, Basin Electric Power Cooperative, Heartland Consumers Power District, and NorthWestern. In addition, the Missouri Public Service Commission does not oppose the Settlement.

² *NorthWestern Corp.*, 156 FERC ¶ 63,046 (2016).

formula rate template and formula rate protocols, as well as a revised list of NorthWestern's transmission facilities that will be transferred to SPP's functional control. In addition, the Settlement provides that NorthWestern will use a fixed base return on equity (ROE) of 9.65 percent (10.15 percent when including the 50 basis point adder for Regional Transmission Organization participation) and will apply this ROE to its actual capital structure.

3. With respect to the standard of review for modifications to the Settlement, Section 4.6 of the Settlement provides that

[t]he Settling Parties intend that upon [Commission] approval of this Settlement, any changes to the rates, terms and conditions stated herein shall be subject to the just and reasonable standard of review, not the more stringent public interest standard of review.

4. The Settlement resolves all issues that the Commission set for hearing and settlement judge procedures in its September 30, 2015 Order Accepting Formula Rate Template and Formula Rate Protocols, and Establishing Hearing and Settlement Judge Procedures.³ 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.

5. SPP and NorthWestern are directed to file revised tariff records in eTariff format,⁴ as necessary, to reflect the Commission's action in this order, within 30 days of the date of this order.

6. This letter order terminates Docket Nos. ER15-2069-000 and ER15-2075-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

³ *NorthWestern Corp.*, 152 FERC ¶ 61,250 (2015).

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