

161 FERC ¶ 61,267  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

December 21, 2017

In Reply Refer To:  
Southwest Power Pool, Inc.  
Docket Nos. ER17-426-000  
ER17-426-002

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

Attention: Matthew Harward

Dear Mr. Harward:

1. On September 19, 2017, Southwest Power Pool, Inc. (SPP) filed a Joint Offer of Settlement (Settlement) on behalf of the Settling Parties,<sup>1</sup> regarding the Open Access Transmission Tariff (OATT) revisions that SPP submitted to the Commission on November 29, 2016. SPP's OATT revisions add an annual transmission revenue requirement, formula rate template and protocols for Denison Municipal Utilities (Denison), over whose facilities SPP assumed functional control on February 1, 2017. The Settlement resolves all issues set for hearing in this proceeding.<sup>2</sup>
2. On October 10, 2017, the Commission's Trial Staff filed comments not opposing the Settlement. No other comments were filed. On November 1, 2017, the Settlement Judge certified the Settlement to the Commission as uncontested.<sup>3</sup>
3. The Settlement provides that Denison's base return on equity (ROE) will be 9.6 percent. With the Commission-approved 50-basis-point adder for Regional Transmission Organization participation, Denison's total ROE will be 10.1 percent. Denison will apply its total ROE to its actual capital structure. In addition, Denison's payment in lieu of

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<sup>1</sup> The Settling Parties are: Basin Electric Power Cooperative; Corn Belt Power Cooperative, Inc.; East River Electric Power Cooperative, Inc.; Heartland Consumers Power District; Missouri River Energy Services on behalf of Denison; Mountrail-Williams Electric Cooperative; Northwest Iowa Power Cooperative; Western Area Power Administration; and SPP.

<sup>2</sup> *Sw. Power Pool, Inc.*, 158 FERC ¶ 61,090 (2017).

<sup>3</sup> *Sw. Power Pool, Inc.*, 161 FERC ¶ 63,012 (2017).

taxes (PILOT) will be the lesser of (1) Denison's actual PILOT, or (2) 0.95 percent of Denison's actual gross transmission plant. Denison will detail its PILOT calculation in a workpaper included in each Annual Update. Further, the Settlement provides that it will become effective when a Commission order approving it becomes final and non-appealable, or on a date to which the Settling Parties agree, should the Commission approve the Settlement with modifications or conditions. Upon the Settlement effective date, the formula rate revisions will take effect as of February 1, 2017.

4. Article VI establishes the following standard of review for any changes to the Settlement:

Once approved by the Commission, the standard of review for any change to this Settlement proposed by any party to this proceeding shall be the "public interest" application of the just and reasonable standard 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 change to this Settlement requested by a non-party or initiated by the Commission acting *sua sponte* will be the ordinary just and reasonable standard of review.

5. The Settlement appears to be fair and reasonable and in the public interest and it 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.

6. SPP is directed to file revised tariff records in e-Tariff format,<sup>4</sup> within 30 days of the date of this order, to implement the Settlement and ensure that the requisite electronic databases reflect the Commission's action in this order.

7. This letter order terminates Docket Nos. ER17-426-000 and ER17-426-002.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>4</sup> See *ElectrSecretary.onic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 61,276 (2008).