

157 FERC ¶ 61,110
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 17, 2016

In Reply Refer To:
NextEra Energy Transmission West,
LLC
Docket Nos. ER15-2239-000
ER15-2239-001

Van Ness Feldman, LLP
1050 Thomas Jefferson Street NW
Seventh Floor
Washington, DC 20007

Attention: Douglas W. Smith

Dear Mr. Smith:

1. On September 13, 2016,¹ NextEra Energy Transmission West, LLC (NEET West) filed an Offer of Settlement (Settlement) resolving the sole issue set for hearing and settlement judge procedures in the above-referenced proceedings. On October 3, 2016, Commission Trial Staff filed comments in support of the Settlement. No other comments were filed. On October 14, 2016, the Settlement Judge certified the Settlement to the Commission as an uncontested settlement.²

2. The Settlement addresses NEET West's proposed tariff changes reflecting a reduction in its base return on equity (ROE) for the 230 kV +300/-100 MVAR Suncrest Reactive Power Project and the 230/70 kV Estrella Substation Project (collectively, the Projects) submitted on July 22, 2015 in Docket No. ER15-2239-000. On January 8, 2016, the Commission accepted NEET West's filing, subject to condition, and set its

¹ See Errata to Offer of Settlement (Sept. 14, 2016) (modifying the filing date to reflect the date that the Settlement was received in the Commission's electronic filing system).

² *NextEra Energy Transmission West, LLC*, 157 FERC ¶ 63,006 (2016).

proposed base ROE for hearing and settlement judge procedures.³ Pursuant to the Settlement, NEET West shall be entitled to earn a base ROE of 9.7 percent, exclusive of a 50 basis point incentive adder for participation in the California Independent System Operator Corporation (CAISO), for a total ROE of 10.2 percent.⁴ Moreover, the base ROE, insofar as it applies to the Projects, shall not be subject to change until three years after the date on which both of the Projects are under the operational control of CAISO (Base ROE Moratorium), and NEET West further agrees to not request additional ROE-related incentives for the Projects prior to October 20, 2021.⁵

3. Article VI of the Settlement provides:

Unless the Parties otherwise agree in writing, the standard of review the Commission shall apply when acting on modifications proposed by any Party to the settled base ROE applicable to the Suncrest and Estrella Projects before the end of the Base ROE Moratorium or to Article III.B of this Settlement 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), as clarified in *Morgan Stanley Capital Group Inc. v. Public Utility District No. 1 of Snohomish County*, 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 other modifications proposed by a Party, or for any modifications 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. See *Morgan Stanley Capital Group Inc.*, 554 U.S. 527.

³ *NextEra Energy Transmission West, LLC*, 154 FERC ¶ 61,009 (2016) (January 8 Order).

⁴ Settlement, art. III.A. The 50 basis point incentive adder was granted by the Commission in the January 8 Order. January 8 Order, 154 FERC ¶ 61,009 at P 39.

⁵ Settlement, art. III.B.

4. The Settlement resolves the sole issue set for hearing 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.
5. NEET West is directed to file revised tariff records in eTariff,⁶ within 30 days of the date of this order, to reflect the Commission's action in this order.
6. This order terminates Docket Nos. ER15-2239-000 and ER15-2239-001.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁶ See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).