
Garrett P. Lent

glent@postschell.com
717-612-6032 Direct
717-731-1985 Direct Fax
File #: 194562

July 31, 2023

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Joint Application of American Transmission Systems, Incorporated, Mid-Atlantic Interstate Transmission, LLC, and Trans-Allegheny Interstate Line Company, Docket Nos. A-2023-3040481, A-2023-3040482, A-2023-3040483, G-2023-3040484, G-2023-3040485, G-2023-3040486

Dear Secretary Chiavetta:

Attached for filing is the Prehearing Conference Memorandum of American Transmission Systems, Incorporated (“ATSI”), Mid-Atlantic Interstate Transmission, LLC (“MAIT”), and Trans-Allegheny Interstate Line Company (“TrAILCo”), hereinafter, collectively, the “Joint Applicants.”

Copies of the Joint Applicants’ Prehearing Conference Memorandum have been served as provided on the certificate of service.

Please direct any questions regarding this submission to the undersigned.

Respectfully submitted,



Garrett P. Lent

GPL/dmc
Enclosures

Rosemary Chiavetta, Secretary
July 31, 2023
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cc: The Honorable Conrad A. Johnson (*c/o nmiskanic@pa.gov; w/attachments*)

The Honorable Emily I. DeVoe (*c/o nmiskanic@pa.gov; w/attachments*)

Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA EMAIL ONLY

Richard Kanaskie, Esquire
PA Public Utility Commission
Bureau of Investigation and Enforcement
400 North Street
Harrisburg, PA 17120
rkanaskie@pa.gov

Sharon Webb, Esquire
Office of Small Business Advocate
555 Walnut Street, 1st Floor
Forum Place
Harrisburg, PA 17101
swebb@pa.gov

Harrison Breitman, Esquire
Darryl Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101
hbreitman@paoca.org
dlawrence@paoca.org

Charis Mincavage, Esquire
Susan Bruce, Esquire
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
cmincavage@mcneeslaw.com
sbruce@mcneeslaw.com
*Counsel for Intervenors Met-Ed Industrial
Users Group and Penelec Industrial
Customer Alliance (MEIUG and PICA)*

Kevin J. McKeon, Esquire
Phillip D. Demanchick, Jr., Esquire
Hawke McKeon & Sniscak L.L.P.
100 North Tenth Street
Harrisburg, PA 17101
kjmckeon@hmslegal.com
pddemanchick@hmslegal.com
*Counsel for Intervenor North American
Transmission Company II L.P.*

Date: July 31, 2023



Garrett P. Lent

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application Of American Transmission Systems, Incorporated, Mid-Atlantic Interstate Transmission, LLC, And Trans-Allegheny Interstate Line Company For All Of The Necessary Authority, Approvals, And Certificates Of Public Convenience Required To Lawfully Effectuate (1) The Purchase And Sale Agreement Of An Incremental Thirty Percent Equity Interest In FirstEnergy Transmission, LLC By North American Transmission Company II L.P.; (2) The Transfer Of Class B Membership Interests In Mid-Atlantic Interstate Transmission, LLC Held By FirstEnergy Corp. To FirstEnergy Transmission, LLC; (3) Where Necessary, Associated Affiliated Interest Agreements; And (4) Any Other Approvals Necessary To Complete The Contemplated Transaction	:	A-2023-3040481 A-2023-3040482 A-2023-3040483 G-2023-3040484 G-2023-3040485 G-2023-3040486
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**PREHEARING CONFERENCE MEMORANDUM OF
AMERICAN TRANSMISSION SYSTEMS, INCORPORATED,
MID-ATLANTIC INTERSTATE TRANSMISSION, LLC,
AND TRANS-ALLEGHENY INTERSTATE LINE COMPANY**

TO ADMINISTRATIVE LAW JUDGES CONRAD A. JOHNSON AND EMILY I. DEVOE:

Pursuant to 52 Pa. Code § 5.222(d) and the July 7, 2023 Prehearing Conference Order, American Transmission Systems, Incorporated (“ATSI”), Mid-Atlantic Interstate Transmission, LLC (“MAIT”), and Trans-Allegheny Interstate Line Company (“TrAILCo”) (hereinafter, collectively, the “Joint Applicants”) hereby submit this Prehearing Conference Memorandum.

I. SERVICE OF DOCUMENTS

1. The Joint Applicants request that all documents be served on:

Garrett P. Lent (ID # 321566)
Post & Schell, P.C.
17 North Second Street

12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: glent@postschell.com

Tori L. Giesler (ID # 207742)
Angelina M. Umstead (ID # 309615)
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001
Phone: 610-921-6658
E-mail: tgiesler@firstenergycorp.com
E-mail: aumstead@firstenergycorp.com

Please be advised that Mr. Garrett Lent will speak as the lead attorney for the Joint Applicants for purposes of the prehearing conference. However, other counsel for the Joint Applicants will be participating and available during the telephonic prehearing conference as needed.

2. The Joint Applicants agree to receive service of documents electronically in this proceeding. Further, to the extent that materials are available electronically, it is requested that copies also be served upon David B. MacGregor at dmacgregor@postschell.com, Lindsay A. Berkstresser at lberkstresser@postschell.com, and Nicholas A. Stobbe at nstobbe@postschell.com.

II. PROCEDURAL HISTORY

3. The above captioned proceedings were initiated on May 5, 2023, when ATSI, MAIT, and TrAILCo, filed the “Joint Application Of American Transmission Systems, Incorporated, Mid-Atlantic Interstate Transmission, LLC, And Trans-Allegheny Interstate Line Company For All Of The Necessary Authority, Approvals, And Certificates Of Public Convenience Required To Lawfully Effectuate (1) The Purchase And Sale Agreement Of An Incremental Thirty Percent Equity Interest In FirstEnergy Transmission, LLC By North American

Transmission Company II L.P.; (2) The Transfer Of Class B Membership Interests In Mid-Atlantic Interstate Transmission, LLC Held By FirstEnergy Corp. To FirstEnergy Transmission, LLC; (3) Where Necessary, Associated Affiliated Interest Agreements; And (4) Any Other Approvals Necessary To Complete The Contemplated Transaction” at Docket Nos. A-2023-3040481, A-2023-3040482, A-2023-3040483, G-2023-3040484, G-2023-3040485, and G-2023-3040486 (the “Joint Application”). The Joint Applicants requested that the Joint Application and any related dockets be consolidated for purposes of discovery, litigation, and disposition.

4. The Joint Application seeks certain approvals from the Pennsylvania Public Utility Commission (“Commission”) granting all necessary authority, approvals and certificates of public convenience pursuant to Sections 1102(a)(3), 1103, 2102(a), and 2811(e) of the Public Utility Code (“Code”), 66 Pa.C.S. §§ 1102(a)(3), 1103, 2102(a), and 2811(e), required to lawfully effectuate: (1) the Purchase and Sale Agreement of an incremental thirty (30) percent equity interest in FirstEnergy Transmission, LLC (“FET”) by North American Transmission Company II L.P. (“NATCo II”)¹; (2) the transfer of Class B Membership Interests in MAIT held by FirstEnergy Corp. (“FirstEnergy”) to FET; and (3) where necessary, associated affiliated interest agreements. The Joint Applicants further seek all other approvals and certificates appropriate, customary, or necessary under the Code to carry out the transactions contemplated in this Joint Application in a lawful manner.

5. The Joint Application seeks certain approvals from the Commission associated with: (1) the Purchase and Sale Agreement dated February 2, 2023 (the “PSA”) between

¹ As explained in greater length in the Joint Application, NATCo II is a controlled investment vehicle of Brookfield Super-Core Infrastructure Partners GP LLC (“Brookfield GP”), an indirect wholly owned subsidiary of Brookfield Corporation (f/k/a Brookfield Asset Management Inc.) and Brookfield Asset Management Ltd (“BAM Ltd”). BAM Ltd manages the various investment entities and funding vehicles that are ultimately controlled by Brookfield Corporation (BAM Ltd and Brookfield Corporation, collectively “Brookfield”).

FirstEnergy, NATCo II and the Brookfield Guarantors,² pursuant to which FirstEnergy agreed to sell to NATCo II at the closing an incremental thirty (30) percent equity interest in FET for a purchase price of \$3.5 billion (the “FET Transaction”); and (2) FirstEnergy will contribute its passive Class B membership interests in MAIT to FET in exchange for a new class of FET Special Purpose Membership Interests (the “Special Purpose Membership Interests”) (the “MAIT Class B Interests Transfer”)³ (hereinafter, the FET Transaction and the MAIT Class B Interests Transfer are collectively referred to as the “Transaction”).

6. On May 8, 2023, the Commission issued a Secretarial Letter, which: (1) acknowledged receipt of the Joint Application; and (2) enclosed a copy of the Public Notice to be published by the Joint Applicants in a newspaper having general circulation in the area involved on or before June 5, 2023, and that would appear in the *Pennsylvania Bulletin* in the May 20, 2023, issue.

7. On May 25, 2023, the Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance, Notice of Intervention, Public Statement, and Verification.

8. On June 1, 2023, NATCo II filed a Petition to Intervene.

9. On June 5, 2023, the Office of Consumer Advocate (“OCA”) filed a Protest and Public Statement.

10. Also on June 5, 2023, Met-Ed Industrial Users Group (“MEIUG”) and the Penelec

² The “Brookfield Guarantors” refers to Brookfield Super-Core Infrastructure Partners L.P., Brookfield Super-Core Infrastructure Partners (NUS) L.P., and Brookfield Super-Core Infrastructure Partners (ER) SCSp.

³ The non-voting Class B Membership Interests in MAIT are currently held by Metropolitan Edison Company (“Met-Ed”) and Pennsylvania Electric Company (“Penelec”). Met-Ed and Penelec have requested all necessary Commission approvals to transfer the subject Class B Membership Interests to FirstEnergy, as a part of the consolidation of FirstEnergy’s Pennsylvania electric distribution companies (“EDCs”) pending at Docket Nos. A-2023-3038771, A-2023-3038792, A-2023-3038793, A-2023-3038794, A-2023-3038795, A-2023-3038807, A-2023-3038808, G-2023-3038818, G-2023-3038819, G-2023-3038820, G-2023-3038821, G-00020956 (the “PA Consolidation”). The transfer of the MAIT Class B Membership Interests contemplated by the Joint Application is limited to the subsequent transfer of these interests from FirstEnergy to FET, which will occur after the approval and closing of the PA Consolidation.

Industrial Customer Alliance (“PICA”) filed a Joint Petition to Intervene and Protest.

11. Also on June 5, 2023, the Joint Applicants filed Proofs of Publication of the Public Notice.

12. On June 27, 2023, the Commission issued a Call-In Prehearing Conference Notice, scheduling a Prehearing Conference for August 7, 2023, at 10:00 a.m.

13. On July 7, 2023, Administrative Law Judges Conrad Johnson and Emily DeVoe (the “ALJs”) issued a Prehearing Conference Order, which: (1) confirmed the telephonic prehearing conference would be held on August 7, 2023, at 10:00 a.m. before the ALJs; and (2) directed the parties to file Prehearing Conference Memoranda on or before 4:00 p.m. on Monday, July 31, 2023.

14. Pursuant to 52 Pa. Code § 5.222(d) and the Prehearing Conference Order, the Joint Applicants hereby submit this Prehearing Conference Memorandum.

III. ISSUES AND EVIDENCE

15. The primary issue in this proceeding is whether the proposed Transaction is necessary or proper for the service of accommodation, convenience, or safety of the public and is in the public interest. 66 Pa.C.S. §§ 1102(a)(3), 1103(a). The Joint Application, as well as the accompanying direct testimony and exhibits, demonstrate that the Commission should grant all necessary authority, approvals and certificates of public convenience for the Transaction.

A. THE TRANSACTION IS NECESSARY OR PROPER AND WILL RESULT IN NUMEROUS PUBLIC BENEFITS

16. The Joint Applicants intend to demonstrate that the Transaction is necessary or proper and will result in substantial affirmative public benefits, as detailed in the Joint Application and summarized below.

17. The Joint Applicants will demonstrate that the Transaction will improve

FirstEnergy's financial strength and its ability to finance necessary transmission and distribution system improvements over the next decade.

18. The Joint Applicants further intend to demonstrate that the Transaction will provide FirstEnergy added flexibility to raise equity capital for transmission operations through multiple avenues, whether public or private.

19. The Joint Applicants will also show that the Transaction does not alter FirstEnergy's ability to control the day-to-day transmission operations of the Joint Applicants.

20. Similarly, the Joint Applicants and Brookfield will demonstrate that Brookfield is committed to supporting continued investment in the ATSI, MAIT and TrAILCo transmission systems. This continued investment will improve transmission reliability and resiliency while also providing for renewable generation connection and capacity to add new customer loads in a reasonable time frame.

21. The Joint Applicants will further demonstrate that the Transaction will enhance FirstEnergy's existing partnership with Brookfield related to FET and the Joint Applicants. Relative to the transmission operations of ATSI, MAIT, and TrAILCo, Brookfield can share with FirstEnergy its knowledge of operational best practices with respect to optimal capital deployment, process excellence and portfolio planning and analytics with respect to FET and the Transmission Subsidiaries.

22. The Joint Applicants also expect to demonstrate that the proposed Transaction will result in significant economic benefits throughout the Commonwealth. The proposed Transaction is anticipated to enhance FirstEnergy's ability to undertake future investments in Pennsylvania. These future investments are anticipated to generate approximately \$19.5 billion in economic output over the 2023-2032 period in Pennsylvania. This economic activity would create

approximately \$11.2 billion in incremental gross regional product in Pennsylvania, which is inclusive of \$648 million in additional state and municipal tax revenue for local communities in Pennsylvania. Additionally, this economic activity is expected to support between approximate 9,500 and 11,200 jobs annually over the 2023-2032 period.

23. The Joint Applicants will also demonstrate that FET and the Joint Applicants will benefit from working with a collaborative partner to achieve FirstEnergy’s environmental, social, and governance (“EESG”) goals and the sharing of environmental, social, and governance (“ESG”) best practices by Brookfield.

B. TECHNICAL, FINANCIAL, AND LEGAL FITNESS

24. The Joint Applicants will also demonstrate that they will remain technically, financially, and legally fit to continue to operate as public utilities in Pennsylvania. After the close of the Transaction, the ultimate majority ownership and control of day-to-day operations of ATSI, MAIT, and TrAILCo will remain with FirstEnergy. Importantly, where the ultimate majority ownership and control of day-to-day operations will not change, there is a presumption that the subject utilities will remain fit to operate.

25. Brookfield has also demonstrated that it possesses technical, financial and legal fitness that will supplement and bolster the Joint Applicants’ existing fitness to own and operate electric transmission facilities.

26. NATCo II is and will be legally fit to acquire an additional 30% interest in FET. NATCo II already has a 19.9% interest that has enhanced and improved FET’s ability to operate and serve its communities and the additional 30% interest will build upon and strengthen the cooperative relationship between FirstEnergy and Brookfield. Also, as set forth in the PSA, NATCo II has committed to obtain all necessary regulatory approvals needed to complete the Transaction.

27. NATCo II also has the requisite technical expertise demonstrating substantial experience with and investment in energy and utility assets. Brookfield is one of the world's largest infrastructure investors, owning and operating assets across the utilities, transport, midstream, and data sectors, and is eminently familiar with the regulatory needs and requirements of operating a regulated public utility business. Further, Brookfield, through NATCo II, will continue to rely on the technical and operational expertise of FirstEnergy and FET, with respect to the Joint Applicants' operations.

28. NATCo II is also financially fit to undertake the Transaction. NATCo II has access to and is supported by Brookfield Super-Core Infrastructure Partners ("BSIP"), a fund which is composed of core infrastructure assets held on a perpetual basis with a total enterprise value of \$35 billion, stable cash flows, and investment grade credit ratings across each investment.

C. AFFILIATED INTEREST AGREEMENTS

29. Finally, the Joint Application requests Commission approval of various affiliated interest agreements, including: (1) the Amended and Restated Limited Liability Company Operating Agreement of Mid-Atlantic Interstate Transmission, LLC; and (2) the Contribution Agreement; and (3) the new tax sharing agreement that will be entered into by FET and its subsidiaries.

30. The Joint Applicants intend to show that the proposed affiliated interest agreements are reasonable and in the public interest and should be approved pursuant to Section 2102 of the Code. 66 Pa.C.S. § 2102.

31. The Joint Applicants reserve the right to raise and/or address additional issues that may arise during the course of the proceeding.

IV. WITNESSES

32. The Joint Applicants presently intend to offer the following witnesses to testify in

this proceeding on the following subject matters:

Statement No.	Witness	Subjects Addressed
1.	Mark D. Mroczynski Vice President, Operations FirstEnergy Service Company 76 South Main Street Akron, OH 44308	Overview of the Joint Applicants Overview of the Transaction Impacts of Transaction for Joint Applicants Operational benefits of Transaction Transaction's Lack of Competitive Impact
2.	Steven R. Staub Vice President and Treasurer FirstEnergy Service Company 76 South Main Street Akron, OH 44308	Overview of Current FirstEnergy Ownership Structure Overview of Transaction and Accounting and Tax Impacts Financial Benefits of Transaction
3.	Jeffrey Rosenthal Vice Chair and Operating Partner Brookfield Asset Management Ltd. Infrastructure Group 181 Bay Street Toronto, Ontario, Canada	Brookfield's Experience Brookfield's Fitness
4.	Toby Bishop Principal The Brattle Group 1 Beacon Street Suite 2600 Boston, MA 02108	Economic Benefits of Transaction

33. The Joint Applicants reserve the right to call and present additional witnesses to address any issues that may arise during the course of the proceeding.

V. DISCOVERY

34. To date, the Joint Applicants have not received any discovery requests.

35. The Joint Applicants propose the following modifications to the standard timelines for discovery set forth in the Commission's regulations:

- a. Answers to interrogatories and responses to requests for document production, entry for inspection, or other purposes shall be served within ten (10) calendar days of service of the interrogatories or requests for production.

b. Objections to interrogatories and/or requests for production shall be communicated orally to the propounding party within three (3) calendar days of service; unresolved objections shall be served in writing on the propounding party within five (5) calendar days of service of the interrogatories and/or requests for production.

c. Motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of written objections.

d. Answers to motions to dismiss objections and/or direct the answering of interrogatories and/or requests for production shall be filed within three (3) calendar days of service of such motions.

e. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.

f. Discovery requests and discovery related pleadings (such as objections, motions, and answers to same) served after 4:30 p.m. Monday through Thursday or after 12:00 p.m. on a Friday or the day preceding a holiday shall be deemed to have been served on the next business day.

g. Answers to on the Record Data requests will be served within five (5) calendar days.

36. Finally, the Joint Applicants propose the use of electronic service of discovery responses. Specifically, the Joint Applicants propose to post all discovery responses to a Microsoft OneDrive site operated by Post & Schell, P.C. The Joint Applicants will file and serve a letter notifying the parties when the applicable discovery responses have been posted to the OneDrive site. Once posted, parties will be able to access, review, download, and/or print the discovery responses as needed.

VI. LITIGATION SCHEDULE

37. The Joint Applicants propose that the following schedule, such that the Commission may grant the authorizations sought at the March 2024 public meeting date:

Joint Application Filed	May 5, 2023
Pa. Bulletin Publication	May 20, 2023
Proof of Publication	June 5, 2023
Prehearing Conference	August 7, 2023
Intervenors' Direct Testimony	August 28, 2023
Rebuttal Testimony	September 28, 2023
Surrebuttal Testimony	October 16, 2023
Oral Rejoinder and Hearings	Week of October 30, 2023
Main Briefs	November 20, 2023
Reply Briefs	December 8, 2023

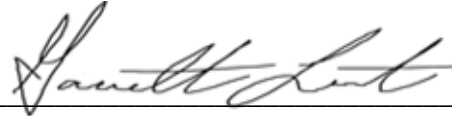
The Joint Applicants set forth an initially proposed schedule in Section XV of the Joint Application. Since the filing of the Joint Application, the Joint Applicants have discussed the proposed schedule with the parties that have intervened or petitioned to intervene in this matter, and the OCA, MEIUG, and PICA have mutually agreed upon the schedule set forth above, subject to Your Honors' availability for hearings. The Joint Applicants have not yet received feedback from the OSBA on the proposed schedule. The Joint Applicants are willing to work to accommodate potential scheduling conflicts for other parties' witnesses to attend and testify at the evidentiary hearings.

VII. SETTLEMENT

38. As of this time, no settlement discussions have been held. The Joint Applicants remain open and available for settlement discussions and would support initiatives to begin settlement discussions at the earliest possible date.

Tori L. Giesler (ID # 207742)
Angelina M. Umstead (ID # 309615)
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001
Phone: 610-921-6658
E-mail: tgiesler@firstenergycorp.com
E-mail: aumstead@firstenergycorp.com

Respectfully submitted,



David B. MacGregor (ID # 28804)
Lindsay A. Berkstresser (ID # 318370)
Garrett P. Lent (ID # 321566)
Nicholas A. Stobbe (ID # 329583)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: dmacgregor@postschell.com
E-mail: lberkstresser@postschell.com
E-mail: glent@postschell.com
E-mail: nstobbe@postschell.com

Dated: July 31, 2023

*Attorneys for American Transmission Systems,
Incorporated, Mid-Atlantic Interstate
Transmission, LLC, and Trans-Allegheny
Interstate Line Company*