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June 23, 2025

VIA ELECTRONIC FILING

Matt Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

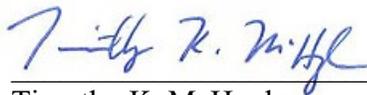
**Re: En Banc Hearing Concerning Interconnection and Tariffs for
Large Load Customers
Docket No. M-2025-3054271**

Dear Secretary Homsher:

Pursuant to the Pennsylvania Public Utility Commission's Secretarial Letter dated April 12, 2025, in the above-captioned proceeding, enclosed herewith for filing are the Joint Reply Comments of FirstEnergy Pennsylvania Electric Company, Mid-Atlantic Interstate Transmission, LLC, Keystone Appalachian Transmission Company, American Transmission Systems, Incorporated, and Trans-Allegheny Interstate Line Company.

Please contact me if you have any questions regarding this matter.

Respectfully submitted,



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Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

En Banc Hearing Concerning Interconnection :
and Tariffs for Large Load Customers : Docket No. M-2025-3054271

**JOINT REPLY COMMENTS OF FIRSTENERGY PENNSYLVANIA ELECTRIC
COMPANY, MID-ATLANTIC INTERSTATE TRANSMISSION, LLC, KEYSTONE
APPALACHIAN TRANSMISSION COMPANY, AMERICAN TRANSMISSION
SYSTEMS, INCORPORATED, AND TRANS-ALLEGHENY INTERSTATE LINE
COMPANY**

I. INTRODUCTION

On March 27, 2025, the Pennsylvania Public Utility Commission (“Commission”) unanimously approved the Motion of Chairman Stephen M. DeFrank (“Motion”) to convene an *en banc* hearing to explore the growing impact of large-scale electric customers on the Commonwealth’s electric grid and the broader PJM Interconnection, LLC (“PJM”) region. The hearing occurred on April 24, 2025, and panelists selected to participate at the hearing filed their testimony on April 23, 2025. Interested parties filed written comments on June 6, 2025, and were requested to file reply comments on June 23, 2025.

FirstEnergy Pennsylvania Electric Company (“FE PA”) appreciates the opportunity to submit these reply comments on behalf of itself and the affiliated transmission companies under the FirstEnergy Corp. (“FirstEnergy”) umbrella, including Mid-Atlantic Interstate Transmission, LLC (“MAIT”), Keystone Appalachian Transmission Company (“KATCo”), American Transmission Systems, Incorporated (“ATSI”), and Trans-Allegheny Interstate Line Company (“TrAILCo”) (collectively, the “FirstEnergy transmission companies” and, together with FE PA, referred to as the “FirstEnergy Companies”). The FirstEnergy Companies stand by their initial

comments and are only responding to certain positions and/or recommendations provided by the other parties in order to provide clarity or address an incorrect assertion where necessary.

II. DISCUSSION

A. Need for PUC Studies of Impacts from Large Load

Several stakeholders, including Alliance to Stop the Line, Better Path Coalition, and Delaware Riverkeeper, caution the Commission against rushed decision-making to accommodate large load customers. They recommend the Commission conduct impact and/or feasibility studies before approving new data centers. Other stakeholders, including Asset Leadership Network, allege there are regulatory gaps in oversight of data centers and recommend independent audits over Commission internal controls and public engagement processes.

The FirstEnergy Companies do not take a position on the large load impact studies and governance and process audits recommended by the various stakeholders. Instead, the FirstEnergy Companies stand by the explanation in their Initial Comments that large load new service requests often require FERC-jurisdictional interconnections that are subject to FERC rules, processes, and timelines, which are described in the PJM interconnection tariffs and manuals. As discussed further in Section B below, a holistic approach to examining large load impacts (and solutions) should also consider opportunities to introduce regulatory efficiencies, including ways to expedite or stream line the Commission's siting process under certain circumstances, as well as ways to improve cross-jurisdictional coordination with federal authorities with jurisdiction over necessary transmission facilities, service, and rates.

B. Expedited Interconnection and Timing

Several stakeholders recommend defining and/or establishing expedited interconnection processes under certain conditions. For example, Evergreen Collaborative recommends offering expedited interconnection incentives that reward data center projects that use existing interconnection capacity, co-locate with retiring plants, or provide on-site clean energy. Pennsylvania-American Water Company, Vistra Corp., and Industrial Energy Customers of Pennsylvania support faster interconnection for large load projects with significant economic or infrastructure impact, for large load customers who are willing to self-fund infrastructure, and for projects that bring their own generation, respectively.

While the FirstEnergy Companies recognize large load customers often have speed-to-market priorities that underscore their new interconnection requests, there are additional processes outside of the FirstEnergy Companies' measured interconnection studies that may require additional time for a new large load project. As explained in the FirstEnergy Companies' Initial Comments, these processes can include the utility's internal approval process; the required regulatory approvals, including siting approvals for the construction of transmission line and network upgrades; bidding and procurement; and the construction phase itself. While the FirstEnergy Companies maintain that these processes should not be compromised for data center customer "trade-offs" like greater load flexibility commitments, the Commission should examine the feasibility and appropriateness of introducing efficiencies in the regulatory siting process for transmission system upgrades to support large load.

Currently, this Commission has jurisdiction over the siting of transmission lines and requires a public utility to obtain Commission approval—either by filing a full siting application or a letter of notification (in lieu of an application)—prior to locating and constructing a high-

voltage (“HV”) transmission line (or any portion of an HV line). A full siting application for a transmission project submitted to the Commission for approval can take 12-18 months for a decision. By contrast, a letter of notification for a qualifying transmission line project can take 3-4 months (or less) for Commission approval. Whereas the Commission has jurisdiction over the siting and location of the transmission line, FERC has jurisdiction over the transmission facilities, transmission service, and transmission rates. Many large load interconnection requests can affect both distribution systems under the Commission’s jurisdiction and transmission systems under FERC jurisdiction. Regulatory gaps and/or conflicts between the state and federal authorities can lead to project delays. It follows that improvements to cross-jurisdictional coordination between state agencies and FERC will inure to the benefit of all stakeholders.

It has been suggested in the stakeholder comments that the Commission should carefully study the impacts of large loads to better understand them. Recognizing that data center customers have underlying speed-to-market priorities and concerns for these projects, the Commission should consider whether streamlining or expediting the siting review and approval process may be warranted not just for large load projects but for transmission siting generally, under certain limited circumstances. The FirstEnergy Companies do not take a position on this subject other than to suggest further discussion may help inform a more holistic approach to developing a workable solution that meets stakeholder needs.

C. CIAC

In their joint comments, the Coalition for Affordability Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) and Tenant Union Representative Network (“TURN”) (together “CAUSE-PA & TURN”) quote a statement by Kelly Gower, Vice President of Finance & Regulatory for FE PA, made during the *en banc* hearing regarding capital investments to support

large load that are funded through a customer contribution in aid of construction or “CIAC”. According to CAUSE-PA & TURN, it was unclear from Ms. Gower’s statement whether she was suggesting that utilities should be allowed to earn a rate of return on the customer contribution or CIAC paid by the large load customer.¹ To the extent such a suggestion can be inferred, CAUSE-PA & TURN object and state their position that utilities should not be allowed to rate base and earn a return on utility plant that is funded by customer CIAC.²

At the outset, it is important to clarify that Ms. Gower did NOT mean to suggest that FE PA or any other EDC should earn a return associated with a customer-funded CIAC. Rather, in her opening panel remarks, Ms. Gower explained that large load connection requests require larger interconnection service capacity with higher costs to build facilities necessary to serve the load. Where the new load is situated in a geographic region with an electric system not originally designed to support the requested load need, it often requires significant transmission buildout or network investments. Ms. Gower continued:

Where a customer self-funds necessary upgrades, the payment covers the utility’s capital investment, meaning that both transmission and distribution utilities are required to expend significant operations and maintenance resources from application to construction without the opportunity to earn a return on their efforts, as compared to investment that is otherwise necessary to maintain the physical and financial health of the utility.³

By her remarks, Ms. Gower sought to draw a distinction between project investments funded directly by a customer CIAC—and, as the FirstEnergy Companies explained in their Initial Comments, go to serve only the customer load—as compared to capital investments that benefit

¹ CAUSE-PA & TURN Comments at 7-8.

² *Id.* at 8.

³ Pennsylvania Public Utility Commission (2025), *En banc Hearing on Interconnection and Tariffs for Large Load Customers – EDC Panel*, 15:49 [YouTube video], available at <https://www.youtube.com/watch?v=oSmmNmsJcvY>.

customers and are “rolled into” the zonal transmission rate, where the Company earns a return of and on the investment. Ms. Gower did not mean to suggest that the FirstEnergy transmission companies should be allowed to earn a return of and on those investments that are self-funded by a customer. The FirstEnergy transmission companies do not seek to recover through rate base any plant investment that per applicable regulatory rules is supported directly through a customer CIAC payment. The FirstEnergy Companies may seek to recover costs associated with ongoing maintenance of those assets.

III. CONCLUSION

The FirstEnergy Companies appreciate the opportunity to provide reply comments in this proceeding. The FirstEnergy Companies continue to look forward to further collaboration and discussion with the Commission and interested stakeholders on this important topic.