

January 18, 2024

To: Parties to FERC Docket Nos. ER21-253 & ER21-265

**Re: South FirstEnergy Operating Companies
PJM Open Access Transmission Tariff, Attachment H-11**

**Keystone Appalachian Transmission Company
PJM Open Access Transmission Tariff, Attachment H-34**

Projected Transmission Revenue Requirement for Rate Year 2024

On August 14, 2023, the Federal Energy Regulatory Commission (“Commission”) issued an order in Docket No. EC23-59-000, authorizing FirstEnergy Corp. (“FirstEnergy”) to undertake an internal corporate reorganization resulting in, among other things, the transfer of West Penn Power Company’s (“West Penn”) Commission-jurisdictional transmission facilities operating at 100kV and above recorded in its Commission transmission accounts, which included both transmission plant and equipment and transmission-related regulatory assets and liabilities, to FirstEnergy’s subsidiary Keystone Appalachian Transmission Company (“KATCo”). On January 5, 2024, FirstEnergy filed a Notice of Consummation in Docket No. EC23-59-000 notifying the Commission that the authorized transactions were consummated on January 1, 2024.

Under the Implementation Protocols for each of the South FirstEnergy Operating Companies (the “SFCs”) and KATCo, the projected transmission revenue requirements (“PTRRs”) for rate year 2024 were due to be posted to PJM’s website on or before October 2, 2023.¹ However, under Section 2.9 of the Offer of Settlement filed in Docket No. ER21-265, and approved by Letter Order on May 4, 2023,² KATCo agreed to receive all necessary regulatory approvals prior to populating its formula rate. Because the condition set forth in Section 2.9 was not satisfied as of October 2, 2023, the SFCs posted their PTRR reflecting a retention of the West Penn transmission assets in the calculation of their 2024 revenue requirement.³

¹ The Implementation Protocols provide for a posting of the PTRR on October 1 of each year; however, the Protocols also provide that if the date for posting of the PTRR falls on a weekend, the posting shall be due on the next business day. Because October 1, 2023 was a Sunday, the PTRRs were due on October 2, 2023.

² *PJM Interconnection, L.L.C.*, 182 FERC ¶ 61,087 (2023).

³ By Order dated December 7, 2023, the Pennsylvania Public Utility Commission approved the contribution of West Penn’s transmission assets to KATCo; and on January 1, 2024, West Penn transferred the transmission assets to KATCo.

For purposes of the rate treatment of the West Penn transmission assets, the SFCs and KATCo will account for the transfer of ownership as part of the actual transmission revenue requirement (“ATRR”) posting and true-up process. West Penn’s component of the SFCs’ 2024 ATRR will reflect actuals of zero and a related refund equal to the PTRR revenue requirement, and KATCo’s 2024 ATRR will reflect its actual revenue requirement and a surcharge equal to such revenue requirement. The net true-up will be equal to the West Penn component of the SFCs’ 2024 PTRR and KATCo’s 2024 ATRR, and will be calculated with interest and added to KATCo’s PTRR for rate year 2026, due to be posted on October 1, 2025. Since the SFCs and KATCo’s revenue requirements and related true-ups are each a component of the APS zonal NITS and TEC charges, this approach to the true-up treatment will have no impact to such zonal charges.