

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Baltimore Gas and Electric Company

Docket No. AC05-17-000

ORDER GRANTING REQUEST TO RECLASSIFY
HIGH VOLTAGE ASSETS FOR ACCOUNTING PURPOSES

(Issued June 1, 2005)

1. On November 30, 2004, Baltimore Gas and Electric Company (BGE) submitted a request for authorization to reclassify for accounting purposes high voltage assets from distribution plant accounts to transmission plant accounts. We will grant BGE's reclassification request for accounting purposes only, as discussed in the body of this order.

Background

2. BGE is a member of PJM Interconnection, LLC (PJM), a regional transmission organization, which has primary planning responsibility for all bulk power supply network facilities in the BGE zone. BGE states that its current transmission rate base contains approximately 860 circuit miles of BGE's bulk power supply network facilities (500 kV, 230 kV and 115 kV) and that another 410 circuit miles of bulk power supply network facilities (230 kV, 138 kV and 115 kV) are included in BGE's distribution property accounts.¹ BGE states that these property classifications were based on considerations that are no longer in keeping with prevailing practices under PJM's Open Access Transmission Tariff and the Regional Transmission Expansion Plan processes or the practices of other transmission owners in PJM. Therefore, BGE asserts that it can no longer rationalize a split property classification for its bulk power supply network.

3. BGE seeks approval to reclassify for accounting purposes all of its bulk power supply network facilities as transmission assets. Additionally, BGE indicates that it will include the cost of all of its bulk power supply network facilities in a transmission

¹ The "distribution" facilities in this proceeding are a subset of BGE's transmission facilities and are subject to the Commission's jurisdiction. The facilities are not "local distribution" facilities, as defined in the Federal Power Act for jurisdictional purposes.

formula rate application that it intends to file with the Commission in January 2005.² It also indicates that it intends to include these facilities in its FERC Form No. 1 transmission classification once the rate filing becomes effective.³

Notice of Filing and Responsive Pleadings

4. Notice of BGE's filing was published in the *Federal Register*, 69 Fed. Reg. 76,462 (2004), with motions to intervene and protests due on or before January 3, 2005. A notice of intervention was filed by the Maryland Public Service Commission, and motions to intervene were filed by ISG Sparrows Point LLC, and the Maryland Industrial Group. A motion to intervene and protest was filed by the Maryland Office of People's Counsel (MPC).

5. While MPC argues that the filing raises material questions that must be resolved by a hearing, it subsequently withdrew its protest.

Discussion

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2004), the timely, unopposed motions to intervene and the notice of intervention serve to make the entities that filed them parties to this proceeding.

7. BGE seeks approval to change its accounting treatment for high voltage assets that are currently classified as distribution plant to transmission plant. BGE asserts that this change will place BGE facilities in line with the practices of the other transmission owners in PJM.

8. We will grant BGE's accounting request to reclassify its high voltage assets from distribution plant to transmission plant. This acceptance is for accounting purposes only.

² We note that on January 31, 2005, BGE and the public utility operating affiliates of Pepco Holdings, Inc. (Potomac Electric Power Company, Delmarva Power and Light Company, and Atlantic City Electric Company) filed in Docket No. ER05-515-000 revised tariff sheets to the PJM Open Access Transmission Tariff to implement a transmission cost of service formula rate.

³ FERC Form No. 1, *see* 18 C.F.R. § 141.1 (2004), is an electric utility's annual report containing detailed financial and operating data.

The Commission orders:

BGE's request to reclassify is hereby granted for accounting purposes only, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.