

ATTACHMENT H-2A

Baltimore Gas and Electric Company			2007
Formula Rate		Notes	FERC Form 1 Page # or Instruction
Shaded cells are input cells			
Allocators			
Wages & Salary Allocation Factor			
1	Transmission Wages Expense		9,098,974
2	Total Wages Expense	p354.21.b	115,968,453
3	Less A&G Wages Expense	p354.28b	21,792,883
4	Total	(Line 2 - 3)	94,175,570
5	Wages & Salary Allocator	(Line 1 / 4)	9.6617%
Plant Allocation Factors			
6	Electric Plant in Service	p207.104g	4,244,444,041
7	Common Plant In Service - Electric	(Note A) p207.104g (Line 24)	343,472,160
8	Total Plant In Service	(Sum Lines 6 & 7)	4,587,916,201
9	Accumulated Depreciation (Total Electric Plant)	p219.29c	1,723,140,426
10	Accumulated Intangible Amortization	(Note A) p200.21c	23,724,104
11	Accumulated Common Amortization - Electric	(Note A) p356	0
12	Accumulated Common Plant Depreciation - Electric	(Note A) p356.1	98,506,559
13	Total Accumulated Depreciation	(Sum Lines 9 to 12)	1,845,371,089
14	Net Plant	(Line 8 - 13)	2,742,545,112
15	Transmission Gross Plant	(Line 29 - Line 28)	679,273,199
16	Gross Plant Allocator	(Line 15 / 8)	14.8057%
17	Transmission Net Plant	(Line 39 - Line 28)	405,761,320
18	Net Plant Allocator	(Line 17 / 14)	14.7951%
Plant Calculations			
Plant In Service			
19	Transmission Plant In Service	p207.58.g	605,089,614
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only Attachment 6	0
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	(Note B) Attachment 6	24,539,130
22	Total Transmission Plant In Service	(Line 19 - 20 + 21)	629,628,744
23	General & Intangible	p205.5.g & p207.99.g	170,354,440
24	Common Plant (Electric Only)	(Notes A) p356	343,472,160
25	Total General & Common	(Line 23 + 24)	513,826,600
26	Wage & Salary Allocation Factor	(Line 5)	9.66171%
27	General & Common Plant Allocated to Transmission	(Line 25 * 26)	49,644,455
28	Plant Held for Future Use (Including Land)	(Note C) p214	159,230
29	TOTAL Plant In Service	(Line 22 + 27 + 28)	679,432,429
Accumulated Depreciation			
30	Transmission Accumulated Depreciation	p219.25.c	257,871,864
31	Accumulated General Depreciation	p219.28.c	39,645,537
32	Accumulated Intangible Amortization	(Line 10)	23,724,104
33	Accumulated Common Amortization - Electric	(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)	(Notes A) (Line 12)	98,506,559
35	Total Accumulated Depreciation	(Sum Lines 31 to 34)	161,876,200
36	Wage & Salary Allocation Factor	(Line 5)	9.66171%
37	General & Common Allocated to Transmission	(Line 35 * 36)	15,640,015
38	TOTAL Accumulated Depreciation	(Line 30 + 37)	273,511,879
39	TOTAL Net Property, Plant & Equipment	(Line 29 - 38)	405,920,550

Adjustment To Rate Base				
Accumulated Deferred Income Taxes				
40	ADIT net of FASB 106 and 109		Attachment 1	-66,464,919
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p266.h	0
42	Net Plant Allocation Factor		(Line 18)	14.80%
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40	-66,464,919
Transmission O&M Reserves				
44	Current Period Changes in Transmission Related Account 242 Reserves	Enter Negative	Attachment 5	0
Prepayments				
45	Prepayments	(Note A)	Attachment 5	18,544,760
46	Total Prepayments Allocated to Transmission		(Line 45)	18,544,760
Materials and Supplies				
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	-363,850
48	Wage & Salary Allocation Factor		(Line 5)	9.66%
49	Total Transmission Allocated		(Line 47 * 48)	-35,154
50	Transmission Materials & Supplies		p227.8c	91,571
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)	56,417
Cash Working Capital				
52	Operation & Maintenance Expense		(Line 84)	36,633,003
53	1/8th Rule		x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)	4,579,125
Network Credits				
55	Outstanding Network Credits	(Note N)	From PJM	0
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0
57	Net Outstanding Credits		(Line 55 - 56)	0
58	TOTAL Adjustment to Rate Base		(Line 43 + 44 + 46 + 51 + 54 - 57)	-43,284,617
59	Rate Base		(Line + 58)	362,635,934
O&M				
Transmission O&M				
60	Transmission O&M		p321.112.b	21,092,127
61	Less extraordinary property losses		Attachment 5	0
62	Plus amortization of extraordinary property losses		Attachment 5	0
63	Less Account 565		p321.96.b	0
64	Plus Schedule 12 payments billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	0
65	Plus Transmission Lease Payments	(Note A)	P200.4.c	0
66	Transmission O&M		(Lines 60 - 61 + 62 - 63 + 64 + 65)	21,092,127
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	p356	0
68	Total A&G		p323.197.b	162,820,173
69	Less Property Insurance Account 924		p323.185.b	678,594
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189.b	107,036
71	Less General Advertising Exp Account 930.1		p323.191.b	2,752,200
72	Less EPRI Dues	(Note D)	p352-353	160,584
73	General & Common Expenses		(Lines 67 + 68) - Sum (69 to 72)	159,121,759
74	Wage & Salary Allocation Factor		(Line 5)	9.6617%
75	General & Common Expenses Allocated to Transmission		(Line 73 * 74)	15,373,889
Directly Assigned A&G				
76	Regulatory Commission Exp Account 928	(Note G)	p323.189b	66,588
77	General Advertising Exp Account 930.1	(Note K)	p323.191.b	0
78	Subtotal - Transmission Related		(Line 76 + 77)	66,588
79	Property Insurance Account 924		p323.156b	678,594
80	General Advertising Exp Account 930.1	(Note F)	p323.191.b	0
81	Total		(Line 79 + 80)	678,594
82	Net Plant Allocation Factor		(Line 18)	14.80%
83	A&G Directly Assigned to Transmission		(Line 81 * 82)	100,398
84	Total Transmission O&M		(Line 66 + 75 + 78 + 83)	36,633,003

Depreciation & Amortization Expense				
Depreciation Expense				
85	Transmission Depreciation Expense		p336.7b&c	12,745,491
86	General Depreciation		p336.10 b&c	5,798,817
87	Intangible Amortization	(Note A)	p336.1d&e	7,788,455
88	Total		(Line 86 + 87)	13,587,272
89	Wage & Salary Allocation Factor		Line 5	9.6617%
90	General Depreciation Allocated to Transmission		(Line 88 * 89)	1,312,763
91	Common Depreciation - Electric Only	(Note A)	p336.11.b	10,635,424
92	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	7,865,371
93	Total		(Line 91 + 92)	18,500,795
94	Wage & Salary Allocation Factor		(Line 5)	9.6617%
95	Common Depreciation - Electric Only Allocated to Transmission		(Line 93 * 94)	1,787,494
96	Total Transmission Depreciation & Amortization		(Line 85 + 90 + 95)	15,845,748
Taxes Other than Income				
97	Taxes Other than Income		Exhibit B	11,672,117
98	Total Taxes Other than Income		(Line 97)	11,672,117
Return / Capitalization Calculations				
Long Term Interest				
99	Long Term Interest		p117.62c through 67c	119,316,165
100	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	17,657,958
101	Long Term Interest		(Line 99)	101,658,207
102	Preferred Dividends	enter positive	p118.29c	13,209,000
Common Stock				
103	Proprietary Capital		p112.16c	1,861,668,403
104	Less Preferred Stock	enter negative	(Line 192)	-190,000,000
105	Less Account 216.1	enter negative	p112.12c	11,807,344
106	Common Stock		(Sum Lines 103 to 105)	1,683,475,747
Capitalization				
107	Long Term Debt		p112.18d through 21d	2,194,439,341
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	-19,774,416
109	Plus Gain on Reacquired Debt	enter positive	p113.61c	18,462
110	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	4,673,299
111	Less LTD on Securitization Bonds	(Note P)	Attachment 8	-602,511,366
112	Total Long Term Debt		(Sum Lines 107 to 111)	1,576,845,320
113	Preferred Stock		p112.3c	190,000,000
114	Common Stock		(Line 106)	1,683,475,747
115	Total Capitalization		(Sum Lines 112 to 114)	3,450,321,067
116	Debt %	Total Long Term Debt	(Line 112 / 115)	46%
117	Preferred %	Preferred Stock	(Line 113 / 115)	6%
118	Common %	Common Stock	(Line 114 / 115)	49%
119	Debt Cost	Total Long Term Debt	(Line 101 / 112)	0.0645
120	Preferred Cost	Preferred Stock	(Line 102 / 113)	0.0695
121	Common Cost	Common Stock	(Note J) Fixed	0.1130
122	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 116 * 119)	0.0295
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * 120)	0.0038
124	Weighted Cost of Common	Common Stock	(Line 118 * 121)	0.0551
125	Total Return (R)		(Sum Lines 122 to 124)	0.0884
126	Investment Return = Rate Base * Rate of Return		(Line 59 * 125)	32,066,642

Composite Income Taxes

Income Tax Rates			
127	FIT=Federal Income Tax Rate		35.00%
128	SIT=State Income Tax Rate or Composite	(Note I)	8.25%
129	p	(percent of federal income tax deductible for state purposes)	0.00%
130	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.36%
131	T / (1-T)		67.68%
ITC Adjustment			
132	Amortized Investment Tax Credit	(Note I)	
133	T/(1-T)	enter negative	-1,241,303
134	Net Plant Allocation Factor		14.7951%
135	ITC Adjustment Allocated to Transmission		[Line 129 * (1 + Line 130) * Line 131]
			-307,946
136	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	[Line 131 * 126 * (1-(122 / 125))]
			14,471,384
137	Total Income Taxes		(Line 135 + 136)
			14,163,437

REVENUE REQUIREMENT

Summary			
138	Net Property, Plant & Equipment	(Line 39)	405,920,550
139	Adjustment to Rate Base	(Line 58)	-43,284,617
140	Rate Base	(Line 59)	362,635,934
141	O&M	(Line 84)	36,633,003
142	Depreciation & Amortization	(Line 96)	15,845,748
143	Taxes Other than Income	(Line 98)	11,672,117
144	Investment Return	(Line 126)	32,066,642
145	Income Taxes	(Line 137)	14,163,437
146	Gross Revenue Requirement	(Sum Lines 141 to 145)	110,380,947
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
147	Transmission Plant In Service	(Line 19)	605,089,614
148	Excluded Transmission Facilities	(Note M) Attachment 5	0
149	Included Transmission Facilities	(Line 147 - 148)	605,089,614
150	Inclusion Ratio	(Line 149 / 147)	100.00%
151	Gross Revenue Requirement	(Line 146)	110,380,947
152	Adjusted Gross Revenue Requirement	(Line 150 * 151)	110,380,947
Revenue Credits & Interest on Network Credits			
153	Revenue Credits	Attachment 3	6,361,481
154	Interest on Network Credits	(Note N) PJM Data	-
155	Net Revenue Requirement	(Line 152 - 153 + 154)	104,019,465
Net Plant Carrying Charge			
156	Net Revenue Requirement	(Line 155)	104,019,465
157	Net Transmission Plant	(Line 19 - 30)	347,217,750
158	Net Plant Carrying Charge	(Line 156 / 157)	29.9580%
159	Net Plant Carrying Charge without Depreciation	(Line 156 - 85) / 157	26.2872%
160	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 156 - 85 - 126 - 137) / 157	12.9728%
Net Plant Carrying Charge Calculation per 100 basis point increase in ROE			
161	Net Revenue Requirement Less Return and Taxes	(Line 155 - 144 - 145)	57,789,386
162	Return and Taxes per 100 basis point increase in ROE	Attachment 4	49,196,951
163	Net Revenue Requirement per 100 basis point increase in ROE	(Line 161 + 162)	106,986,337
164	Net Transmission Plant	(Line 19 - 30)	347,217,750
165	Net Plant Carrying Charge per 100 basis point increase in ROE	(Line 163 / 164)	30.8125%
166	Net Plant Carrying Charge per 100 basis point increase in ROE without Depreciation	(Line 162 - 85) / 164	27.1417%
167	Net Revenue Requirement	(Line 155)	104,019,465
168	True-up amount	Attachment 6	821,601
169	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects	Attachment 7	174,989
170	Facility Credits under Section 30.9 of the PJM OATT paid by Utility	Attachment 5	-
171	Net Zonal Revenue Requirement	(Line 167 + 168 + 169 + 170)	105,016,055
Network Zonal Service Rate			
172	1 CP Peak	(Note L) PJM Data	7,194
173	Rate (\$/MW-Year)	(Note Q) (Line 171 / 172)	14,598
174	Network Service Rate (\$/MW/Year)	(Line 173)	14,598

Notes

- A Electric portion only
- B Exclude Construction Work In Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant included which is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. For the true-up, new transmission plant which was actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p = \frac{\text{FIT} - \text{SIT}}{\text{FIT}}$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/1-T)$. A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J Per FERC's order in Docket No. ER07-576, the Conastone and Waugh Chapel substation projects get an ROE of 12.3%. The rest of transmission rate base gets an ROE of 11.3%.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT and the PJM established billing determinants will not be revised or updated in the annual rate reconciliations per settlement in ER05-515.
- M Amount of transmission plant excluded from rates, includes investment in generation step-up transformers to the extent included in Plant in Service.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 154.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the zone under Schedule 12 are included in Transmission O&M. If they are booked to account 565, they are included in on line 64.
- P Securitization bonds may be included in the capital structure per settlement in ER05-515.
- Q On November 16, 2007, the Federal Energy Regulatory Commission (FERC) granted Baltimore Gas and Electric (BGE) in Docket No. ER07-576 incentive rate treatment for 6 projects designated in the PJM Regional Transmission Expansion Plan (RTEP) as Transmission Owner Initiated (TOI). Specifically, FERC granted an additional 100 basis points to the return on equity (ROE) for these projects, resulting in a final ROE, for these projects, of 12.3%. See Note J above for two other projects that were previously awarded an authorized ROE of 12.3%. FERC's November 16, 2007 order authorized a rate effective date of June 1, 2007. The impact of this incentive rate treatment on BGE's network transmission service rate will be gradual because each of the involved projects will be placed in service on successive dates. Also, rate stability will be preserved for the remaining period of the current formula rate billing cycle. This is because, in accordance with the annual adjustments utilized in BGE's formula rate, the June 1, 2007 effective date for the incentive adders approved in the November 16, 2007 order will be reflected in BGE's next annual adjustment to be posted no later than May 15, 2008, effective June 1, 2008. This approved procedure will avoid the need for an out-of-cycle billing adjustment for the June 1, 2007 - May 31, 2008 billing cycle that would otherwise be necessitated to implement invoicing by PJM in mid-cycle based on the timing of issuance of the November 16, 2007 order.

Baltimore Gas and Electric Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

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	Only Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT- 282	0	(547,644,453)	0	
ADIT-283	0	(15,084,124)	(10,385,580)	
ADIT-190	0	149,343,659	(44,060,038)	
Subtotal	0	(413,384,918)	(54,445,618)	
Wages & Salary Allocator /1			9.6617% x	
Gross Plant Allocator		14.8057% x		
ADIT	0	(61,204,539)	(5,260,380)	(66,464,919)

Note ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 110 Amount (4,673,299)

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns A-D and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

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ADIT-190	A Gas, Prod Or Other Related	B Only Transmission Related	C Plant Related	D Labor Related	E Justification for Assignment to Columns A-E
1901600	ADIT-Arbitrage Inc Dr	153,514			Excluded because the underlying account(s) are not included in model
1901605	ADIT-Arbitrage Tax Rate Diff	46,027			Excluded because the underlying account(s) are not included in model
190170A	ADIT-Reacq Debt Gain	6,452			Included in cost of debt computation
1901800	ADIT-CIAC Electric		113,844,355		Included because plant in service is included in rate base. Related to accelerated inclusion of CIAC in income for tax purposes. This amount is directly assigned to the electric line of business.
1901900	ADIT-CIAC Gas	44,050,231			Gas-related & accordingly excluded
1901910	ADIT- ARO Liab- Electric	89,820			Excluded because the underlying account(s) are not included in model
1911915	ADIT- ARO Liab- Gas	19,973			Gas-related & accordingly excluded
1901920	ADIT- ARO Liab- DCW	15,720			Excluded because the underlying account(s) are not included in model
1902100	ADIT - Gas Fuel Costs	0			Gas-related & accordingly excluded
1902210	ADIT-Delivery Service Realignment	1,318,496			Gas-related & accordingly excluded
1902220	ADIT- Gas Demand Charges	1,648,042			Gas-related & accordingly excluded
190240A	ADIT-Cap/OH-Gas Invent	376,232			Gas-related & accordingly excluded
190270A	ADIT-Cap/OH-Other Elec	2,993,554	34,642,487		Included because plant in service is included in rate base. Related to the impact of certain tax overheads on the tax basis of property versus the absence of such recognition on the books. This amount is directly assigned to the electric line of business.
190280A	ADIT-Cap/OH-Gas	6,065,903			Gas-related & accordingly excluded
190290A	ADIT-Cap/OH-Common	198,487	527,990		Included because plant in service is included in rate base. Related to the impact of certain tax overheads on the tax basis of property versus the absence of such recognition on the books. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.
1902999	ADIT-Pensions/CEG Allocated Costs	188,870		462,407	Included because the pension asset is included in rate base. Related to accrual recognition of expense for book purposes & deductibility of cash fundings for tax purposes. The amount included is the electric portion as allocated by the application of the modified version of the Massachusetts formula.
1903060	ADIT-Charitable Contributions	857,500			Excluded because the underlying account(s) are not included in model
1903151	ADIT-DFD ITC Elec 109	1,955,068			Excluded as per page 8 line 16 of Alan Heintz's direct testimony in FERC Case No. ER05-515
1903161	ADIT-Rev.Req.Gross up ITC-Elec 109	3,089,913			Excluded as per page 8 line 16 of Alan Heintz's direct testimony in FERC Case No. ER05-515
1903251	ADIT-DFD ITC Gas 109	2,220,613			Gas-related & accordingly excluded
1903261	ADIT-Rev.Req.Gross up ITC-Gas 109	1,195,705			Gas-related & accordingly excluded
1903451	ADIT-DFD ITC-Common 109	0			Immaterial
1903461	ADIT-Rev.Req.Gross up ITC-Common 109	(7,865)			Immaterial
1903901	ADIT-Misc. Contingencies	0			Excluded because the underlying account(s) are not included in model
1903902	ADIT-LITIGATION RESERVE	175,000			Excluded because the underlying account(s) are not included in model
1903999	ADIT-PRB/CEG Allocated Costs 106	236,668			Excluded because the underlying account(s) are not included in model

1904000	ADIT-Contrib In Aid of Constr-Common		47,757		328,827	Included because plant in service is included in rate base. Related to accelerated inclusion of CIAC in income for tax purposes. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.
1904100	ADIT - Formulary Rates Reserve		0			
1904600	ADIT-Clearing Acct Balances-Elec.		(277,924)			Excluded because the underlying account(s) are not included in model
1904700	ADIT-Clearing Acct Balances-Gas		(30,534)			Gas-related & accordingly excluded
21905100	ADIT- Uncertain Tax Positions		478,023			Excluded because the underlying account(s) are not included in model
1905200	ADIT-Powerdigm Trademark		0			Immaterial
1905500	ADIT-W/O Billed Uncoll Accts-Electric		3,955,980			Excluded because the underlying account(s) are not included in model
190550A	ADIT-Billed Uncoll Accts-Elec		197,050			Excluded because the underlying account(s) are not included in model
1905600	ADIT-W/O Billed Uncoll Accts-Gas		2,637,320			Gas-related and accordingly excluded
190560A	ADIT-Billed Uncoll Accts-Gas		87,500			Gas-related and accordingly excluded
1905800	ADIT-W/O Billed Uncoll Accts-Other Util Elec		415,885			Excluded because the underlying account(s) are not included in model
1905900	ADIT-W/O Billed Uncoll Accts-Other Util Gas		103,973			Gas-related and accordingly excluded
1906500	ADIT-Rate Stabilization II		2,274,741			Excluded because the underlying account(s) are not included in model - Distribution
190650A	ADIT-Pensions		(12,590,894)		(30,825,981)	Included because the pension asset is included in rate base. Related to accrual recognition of expense for book purposes & deductibility of cash fundings for tax purposes. The amount included is the electric portion as allocated by the application of the modified version of the Massachusetts formula.
190650B	ADIT Pensions-Accrued Construction		(5,594,330)		(13,696,463)	Included because the pension asset is included in rate base. Related to accrual recognition of expense for book purposes & deductibility of cash fundings for tax purposes. The amount included is the electric portion as allocated by the application of the modified version of the Massachusetts formula.
1906660	ADIT-PRB Operations-Elec 106		59,271,346			Excluded because the underlying account(s) are not included in model
1906661	ADIT-PRB Accrued Construction 106		12,223,926			Excluded because the underlying account(s) are not included in model
1906662	ADIT-PRB Accrued Jobbing 106		0			Excluded because the underlying account(s) are not included in model
1906663	ADIT-PRB Accrued OID 106		997,937			Excluded because the underlying account(s) are not included in model
1906664	ADIT-PRB Operations-Gas 106		10,644,632			Gas-related & accordingly excluded
1906668	ADIT-FAS 112 Liability-Elec 112		15,859,381			Excluded because the underlying account(s) are not included in model
1906669	ADIT-FAS 112 Liability-Gas 112		2,812,383			Gas-related & accordingly excluded
1906670	ADIT-FAS 112 Liability-OID 112		29,239			Excluded because the underlying account(s) are not included in model
1906700	ADIT-FAS 112 Liability-CWIP/RWIP 112		(1,776,430)			Excluded because the underlying account(s) are not included in model
1907000	ADIT-DCW Partnership		(5,618,178)			Excluded because the underlying account(s) are not included in model
1907700	ADIT-IBNR Worker's Comp Reserve		1,956,190			Excluded because the underlying account(s) are not included in model
1907800	ADIT-Carefirst IBNR Liability		491,598			Excluded because the underlying account(s) are not included in model
1908000	ADIT-RL POLR Fuel Deferral		(514,300)			Excluded because the underlying account(s) are not included in model
1908050	ADIT-RL POLR Residential Fuel Deferral		(2,336,647)			Excluded because the underlying account(s) are not included in model
1908100	ADIT-RL POLR Hourly NITS Deferral		152,699			Excluded because the underlying account(s) are not included in model
1908150	ADIT-RL POLR Residential NITS Deferral		(1,020,916)			Excluded because the underlying account(s) are not included in model
1909151	ADIT- Reg Asset Oil Recovery Fac.		850,122			Excluded because the underlying account(s) are not included in model
1909550	ADIT-SPECO Write-Off		1,778,000			Excluded because the underlying account(s) are not included in model
1909999	ADIT-Uranium Enrichment D/D Fund		0			Excluded because the underlying account(s) are not included in model
	Subtotal - p234		154,399,453	0	149,343,659	(44,060,038)
	Less FASB 109 Above if not separately removed			0	0	
	Less FASB 106 Above if not separately removed			0	0	0
	Total		154,399,453	0	149,343,659	(44,060,038)

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

ADIT- 282		A Gas, Prod Or Other Related	B Only Transmission Related	C Plant Related	D Labor Related	E Justification for Assignment to Columns A-C
2821048	ADIT-FIN 48 Fed		0			Immaterial
2821100	ADIT-Other Property Elec.			(409,522,190)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2821102	ADIT-Accretion Exp ARO - Electric			(26,370)		Included because asset retirement obligations are included in rate base. Related to impact of varied tax-book treatment for these amounts. This amount is directly assigned to the electric line of business.
2821105	ADIT-Other Elec Taxes Rate Diff			(5,389,488)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2821148	ADIT-FIN 48 State		0			Immaterial
2821200	ADIT-ARO MDD-Elec		(38,633)			Excluded because the underlying account(s) are not included in model
2821300	ADIT-Percentage Rep Allow Elec			(54,609,158)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2821448	ADIT-FIN 48 Fed-Contra		0			Immaterial
2821450	ADIT-Intern Dev. Software Cust Choice			(8,215,454)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2821460	ADIT-Intern Dev. Software Atlas Project-Elec			(6,849,599)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2821470	ADIT-Intern Dev Software OMS Project			(4,645,994)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2821480	ADIT-Internally Developed SW-Multitask		(91,288)	(501,489)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.
2821500	ADIT-ARO Asset-DCW		(7,660)			Immaterial
2821600	ADIT-Reacq Debt Gain		(59,360)			Included in cost of debt computation
2821605	ADIT-Reacq Debt Gain Tax Rate Diff		(10,766)			Included in cost of debt computation
2821700	ADIT- Electric-COR Method Change			(143,981)		Included because plant in service is included in the model.
2821800	ADIT-RSB Unamort Debt Exp		(63,812)			Excluded because the underlying account(s) are not included in model
2821900	ADIT-Spring Gardens Env Cleanup		(3,099,404)			Gas-related & accordingly excluded
2821948	ADIT-FIN 48 State-Contra		0			Immaterial
2822100	ADIT-Other Prop. Gas		(156,037,911)			Gas-related & accordingly excluded
2822102	ADIT-Accretion Exp ARO - Gas		(4,461)			Gas-related & accordingly excluded
2822105	ADIT-Gas Tax Rate Diff		(1,888,608)			Gas-related & accordingly excluded
2822200	ADIT-ARO MDD-Gas		(7,516)			Gas-related & accordingly excluded
2822460	ADIT-Intern Dev. Software Atlas Project-Gas		(2,252,800)			Gas-related & accordingly excluded
2822700	ADIT- Gas COR- Method Change		(11,794)			Immaterial
2823100	ADIT-Prepaid Taxes EPR Elec			(13,076,289)		Included because prepayments are included in rate base. Related to accelerated deductibility of these amounts for tax purposes. This amount is directly assigned to the electric line of business.
2823200	ADIT-Prepaid Taxes EPR Gas		(4,387,376)			Gas-related and accordingly excluded
2823500	ADIT-Prepaid Taxes EPR OID					Immaterial
2823600	ADIT-Prepaid Insurance Electric			(623,366)		Included because prepayments are included in rate base. Related to accelerated deductibility of these amounts for tax purposes. This amount is directly assigned to the electric line of business.
2823700	ADIT-Prepaid Insurance Gas		(476,433)			Gas-related and accordingly excluded
2823810	ADIT-CEG Allocation of Comp Software-Elec			(2,689,882)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. This amount is directly assigned to the electric line of business.
2823820	ADIT-CEG Allocation of Comp Software-Gas		(663,738)			Gas-related and accordingly excluded
2824100	ADIT-Other Prop.Com		(4,621,880)	(44,712,694)		Included because plant in service is included in rate base. Related to the use of accelerated depreciation for tax purposes. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.

2824110	ADIT-Common CIS Project		(1,747,218)		(5,220,714)		Included because common assets are included in rate base. Related to the use of accelerated depreciation for tax purposes. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.
2824125	ADIT-Trans Veh Tax Rate Diff		0				Immaterial
2824400	ADIT-BIS Project-Common		(1,072,173)		(7,155,177)		Included because common assets are included in rate base. Related to the use of accelerated depreciation for tax purposes. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.
2824700	ADIT- Common Accrued IT Expense- Method Change				(211,247)		Included-- the underlying accounts are included in the model.
2826101	ADIT-Utility Plant Diff. Electric 109		(17,327,963)				Excluded as per page 8 line 16 of Alan Heintz's direct testimony in FERC Case No. ER05-515
2826121	ADIT-ARA/NOL Tax Rate Diff Elec 109		5,392,848				Excluded as per page 8 line 16 of Alan Heintz's direct testimony in FERC Case No. ER05-515
2826201	ADIT-Utility Plant Diff. Gas 109		(7,361,176)				Gas-related & accordingly excluded
2826221	ADIT-ARA/NOL Tax Rate Diff Gas 109		1,888,236				Gas-related & accordingly excluded
2826300	ADIT-RA DRI Pilot Program		(33,962)				Excluded because the underlying account(s) are not included in model
2826350	ADIT-RA AMI Pilot Program		(39,054)				Excluded because the underlying account(s) are not included in model
2826400	ADIT-RA Rate Stabilization Plan		(205,400,031)				Excluded because the underlying account(s) are not included in model
2826500	ADIT-RA RSP II		(2,274,741)				Excluded because the underlying account(s) are not included in model
2827100	ADIT-Other Property OID		721,685				Excluded because the underlying account(s) are not included in model
2827900	ADIT-Pensions		4,182,147		15,108,646		Included because plant in service is included in rate base. Related to accrual recognition of expense for book purposes & deductibility of cash fundings for tax purposes and associated impact on the book versus tax basis of assets. The amount included is the electric portion as allocated by the application of the modified version of the Massachusetts formula.
2828000	ADIT-PRB 106		(1,935,934)		(10,287,992)		Included because plant in service is included in rate base. Related to accrual recognition of expense for book purposes & deductibility of cash fundings for tax purposes and associated impact on the book versus tax basis of assets. The amount included is the electric portion as allocated by the application of the modified version of the Massachusetts formula.
2828100	ADIT-FAS 112 112		156,164		1,620,266		Included because plant in service is included in rate base. Related to accrual recognition of expense for book purposes & deductibility of cash fundings for tax purposes and associated impact on the book versus tax basis of assets. The amount included is the electric portion as allocated by the application of the modified version of the Massachusetts formula.
2829300	ADIT-Gain on Involuntary Conversion		(585,414)				Excluded because the underlying account(s) are not included in model
2829400	ADIT-Fed Electric Reclass		32,738		9,507,719		Reflects adjustment for certain tax rate changes effective 2007, and therefore included.
2829500	ADIT-Fed Gas Reclass		2,748,267				Gas-related & accordingly excluded
2829600	ADIT-Fed OID Reclass		(424,912)				OID-related & accordingly excluded
2829998	ADIT-Fed RSPI Reclass		16,945,502				Excluded because the underlying account(s) are not included in model
	Subtotal - p275	1	(379,858,430)	0	(547,644,453)	0	
	Less FASB 109 Above if not separately removed						
	Less FASB 106 Above if not separately removed						
	Total		(379,858,430)	0	(547,644,453)	0	

Instructions for Account 282:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

ADIT-283	A Gas, Prod Or Other Related	B Only Transmission Related	C Plant Related	D Labor Related	E Justification for Assignment to Columns A-E
2831103	ADIT-Uranium Enrichment D/D Fun	0			Excluded because the underlying account(s) are not included in model

2831111	ADIT-MD State Electric		(7,029,477)		(9,720,451)	(10,385,580)	Included because a portion of the grand total electric state deferred income tax balance is related to electric plant in service.
283170A	ADIT-Reacq Debt Loss		(4,609,625)				Included in cost of debt computation
2832100	ADIT-Gas Fuel Costs		(3,060,153)				Gas-related & accordingly excluded
2832222	ADIT-MD State Gas		(7,852,191)				Gas-related & accordingly excluded
2833100	ADIT-ISP-Gas-RA		(40,674)				Gas-related & accordingly excluded
2834000	ADIT-Reclass DFD tax Impl AFUDC Elec		(898,901)		(4,492,268)		Included because plant in service is included in rate base. Related to the impact of certain overheads on the book basis of property versus the absence of such recognition for tax. This amount is directly assigned to the electric line of business.
2834002	ADIT-Reclass DFD tax Impl AFUDC Gas		(1,030,000)				Gas-related & accordingly excluded
2834004	ADIT-Reclass DFD tax Impl AFUDC Common		(209,332)		(871,405)		Included because plant in service is included in rate base. Related to the impact of certain overheads on the book basis of property versus the absence of such recognition for tax. The noted allocation between gas and electric is based on the modified version of the Massachusetts formula as noted in Attachment 5a.
2836111	ADIT-Rev Req. Gross Up Elec 109		(26,606,091)				Excluded as per page 8 line 16 of Alan Heintz's direct testimony in FERC Case No. ER05-515
2836131	ADIT-Rev Req. ARA/NOL Rate Dif Elec 109		2,903,831				Excluded as per page 8 line 16 of Alan Heintz's direct testimony in FERC Case No. ER05-515
2836211	ADIT-Rev Req. Gross Up Gas 109		(3,963,698)				Gas-related and accordingly excluded
2836231	ADIT-Rev Req. ARA/NOL Rate Dif Gas 109		1,016,750				Gas-related and accordingly excluded
2836300	ADIT-POLR RA		(270,457)				Excluded because the underlying account(s) are not included in model
2836666	ADIT-MD State OID		655,946				Excluded because the underlying account(s) are not included in model
2837000	ADIT-PRB RA-Elec 106		(2,082,010)				Excluded because the underlying account(s) are not included in model
2837001	ADIT-PRB RA-Gas 106		(484,742)				Gas-related and accordingly excluded
2837004	ADIT-FAS 112 RA Elec 112		(2,220,425)				Excluded because the underlying account(s) are not included in model
2837005	ADIT-FAS 112 RA Gas 112		(857,694)				Gas-related and accordingly excluded
2837311	ADIT-ECCA-Gas		(28,832)				Gas-related and accordingly excluded
2837995	ADIT-TVSERP Gas 106		0				Gas-related and accordingly excluded
2837996	ADIT-VSERP 2001-Gas 106		(427,333)				Gas-related and accordingly excluded
2837997	ADIT-50-54 VSERP 2002-Gas RA 106		(382,707)				Gas-related and accordingly excluded
2839996	ADIT-Gen Related RA Not in Rate		(29,181,519)				Excluded because the underlying account(s) are not included in model
2839997	ADIT-Gen Related RA Rate Base		(18,390,481)				Excluded because the underlying account(s) are not included in model
2839998	ADIT-Site DFD Tax- Rate Stabiliz Plan		(48,415,720)				Excluded because the underlying account(s) are not included in model
	Subtotal - p277		(153,465,535)	-	(15,084,124)	(10,385,580)	
	Less FASB 109 Above if not separately removed						
	Less FASB 106 Above if not separately removed						
	Total		(153,465,535)	-	(15,084,124)	(10,385,580)	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

ADITC-255

	Item	Balance	Amortization
1	Rate Base Treatment		0
2	Balance to line 41 of Appendix A		
3	Amortization		
4	Amortization to line 132 of Appendix A		
	Total	5585925	1241303
5	Total	5585925	1241303
6	Total Form No. 1 (p xxx.z)	5585925	1241303
7	Difference /1	0	0
8	/1 Difference must be zero		

Baltimore Gas and Electric Company
Attachment 2 - Taxes Other Than Income Worksheet

<i>Other Taxes</i>	<i>Page 263 Col (i)</i>	<i>Allocator</i>	<i>Allocated Amount</i>
Plant Related			
Gross Plant Allocator			
1 Real property (State, Municipal or Local)	5,619,705		
2 Personal property			
3 Capital Stock Tax	67,451,129		
4 Gross Premium (insurance) Tax			
5 PURTA			
6 Corp License			
Total Plant Related	73,070,834	14.8057%	10,818,650
Labor Related			
Wages & Salary Allocator			
7 Federal FICA	8,564,037		
8 Unemployment	202,032		
Total Labor Related	8,766,069	9.6617%	846,952
Other Included			
Gross Plant Allocator			
9 Miscellaneous	43,999		
10 Use & Sales Tax			
Total Other Included	43,999	14.8057%	6,514
Total Included			11,672,117
Currently Excluded			
11 Federal Income	(29,644,902)		
12 Maryland Income	(7,581,777)		
13 Pennsylvania Income	-		
14 Franchise	37,426,564		
15 PSC Assessment	3,593,586		
16 Environmental Surcharge	4,457,399		
17 Pole License	432,300		
18 Fuel Energy	1,753,595		
19 Montgomery County Fuel Energy	-		
20 Universal Service Fund	19,528,538		
21 Total as reported on p. 263(i)	<u>111,846,205</u>		
Difference	-		
Criteria for Allocation:			
A	Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they may not be included		
B	Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they may not be included		
C	Other taxes that are assessed based on labor, will be allocated based on the Wages and Salary Allocator		
D	Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that		

Baltimore Gas and Electric Company

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1 Rent from Electric Property - Transmission Related (Note 3)		8,798,724
2 Total Rent Revenues	(Sum Line 1)	8,798,724
Account 456 - Other Electric Revenues (Note 1)		
3 Schedule 1A		1,533,431
4 Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)		-
5 Point to Point Service revenues for which the load is not included in the divisor received by transmission owner		2,380,715
6 PJM Transitional Revenue Neutrality (Note 1)		-
7 PJM Transitional Market Expansion (Note 1)		-
8 Professional Services (Note 3)		-
9 Revenues from Directly Assigned Transmission Facility Charges (Note 2)		-
10 Rent or Attachment Fees associated with Transmission Facilities (Note 3)		-
11 Gross Revenue Credits	(Sum Lines 2-10)	12,712,870
12 Less line 17g		(6,351,388)
13 Total Revenue Credits		6,361,481
Revenue Adjustment to determine Revenue Credit		
14 Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 172 of Appendix A.		
15 Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.		
16 Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to utilize lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).		
17a Revenues included in lines 1-11 which are subject to 50/50 sharing		8,798,724
17b Costs associated with revenues in line 17a		4,005,002
17c Net Revenues (17a - 17b)		4,793,722
17d 50% Share of Net Revenues (17c/2)		2,396,861
17e Costs associated with revenues in line 17a that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.		50,475
17f Net Revenue Credit (17d + 17e)		2,447,336
17g Line 17f less line 17a		(6,351,388)
18 Note 4: If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and is explained in the Cost Support; for example, revenues associated with distribution facilities. In addition, revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12.		14,325,707
19 Amount offset in line 4 above		38,932,444
20 Total Account 454 and 456		65,971,020
	FN1 #	65,971,020
	Difference	-

Baltimore Gas and Electric Company

Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point increase in ROE 100 Basis Point increase in ROE and Income Taxes	(Line 126 + Line 137)	49,196,951
B	100 Basis Point increase in ROE		1.00%

Return Calculation

59	Rate Base		(Line + 58)	362,635,934
	Long Term Interest			
99	Long Term Interest		p117.62c through 67c	119,316,165
101	Long Term Interest		(Line 99)	101,658,207
102	Preferred Dividends	enter positive	p118.29c	13,209,000
	Common Stock			
103	Proprietary Capital		p112.16c	1,861,668,403
104	Less Preferred Stock	enter negative	(Line 192)	-190,000,000
105	Less Account 216.1	enter negative	p112.12c	11,807,344
106	Common Stock		(Sum Lines 103 to 105)	1,683,475,747
	Capitalization			
107	Long Term Debt		p112.18d through 21d	2,194,439,341
108	Less Loss on Reacquired Debt	enter negative	p111.81.c	-19,774,416
109	Plus Gain on Reacquired Debt	enter positive	p113.61c	18,462
110	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	4,673,299
111	Less LTD on Securitization Bonds	enter negative	Attachment 8	-602,511,366
112	Total Long Term Debt		(Sum Lines 107 to 111)	1,576,845,320
113	Preferred Stock		p112.3c	190,000,000
114	Common Stock		(Line 106)	1,683,475,747
115	Total Capitalization		(Sum Lines 112 to 114)	3,450,321,067
116	Debt %	Total Long Term Debt	(Line 112 / 115)	46%
117	Preferred %	Preferred Stock	(Line 113 / 115)	6%
118	Common %	Common Stock	(Line 114 / 115)	49%
119	Debt Cost	Total Long Term Debt	(Line 101 / 112)	0.0645
120	Preferred Cost	Preferred Stock	(Line 102 / 113)	0.0695
121	Common Cost	See (Note J) on Appendix / Common Stock	Appendix A % plus 100 Basis Pts	0.1230
122	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 116 * 119)	0.0295
123	Weighted Cost of Preferred	Preferred Stock	(Line 117 * 120)	0.0038
124	Weighted Cost of Common	Common Stock	(Line 118 * 121)	0.0600
125	Total Return (R)		(Sum Lines 122 to 124)	0.0933
126	Investment Return = Rate Base * Rate of Return		(Line 59 * 125)	33,836,010

Composite Income Taxes

(Note L)

	Income Tax Rates			
127	FIT=Federal Income Tax Rate		0	35.00%
128	SIT=State Income Tax Rate or Composite		0	8.25%
129	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
130	T	$T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$		40.36%
131	T/(1-T)			67.68%
	ITC Adjustment			
132	Amortized Investment Tax Credit	enter negative	p266.17f	-1,241,303
133	T/(1-T)		(Line 131)	67.68%
134	Net Plant Allocation Factor		(Line 18)	14.7951%
135	ITC Adjustment Allocated to Transmission	(Note I)	[Line 129 * (1 + Line 130) * Line 131]	-307,946
136	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$		15,668,887
137	Total Income Taxes			15,360,941

Baltimore Gas and Electric Company

Attachment 5 - Cost Support

Electric / Non-electric Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
10	Accumulated Intangible Amortization	(Note A)	p200.21c	23,724,104	23,724,104	0	Amounts in Form 1 are already electric only.
11	Accumulated Common Amortization - Electric	(Note A)	p356	0	0	0	
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356.1	98,506,559	98,506,559	0	Amounts in Form 1 are already electric only.
Plant In Service							
24	Common Plant (Electric Only)	(Notes A)	p356	456,138,327	343,472,160	112,666,167	Respondent is both Electric and Gas Utility. Plant generally allocated using the net plant ratio.
Accumulated Deferred Income Taxes							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p266.h	0	0	0	Respondent amortizes investment tax credits against income tax expense. Therefore zero is reported on this line.
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	-483,200	-363,850	-119,350	Respondent is both Electric and Gas Utility. Undistributed stores expense allocated using the net plant ratio.
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	P200.4.c	0	0	0	
67	Common Plant O&M	(Note A)	p356.1	0	0	0	Respondent is both Electric and Gas Utility. Common allocated to gas and electric using the Modified version of the Massachusetts Formula approved by the MD PSC.
Depreciation Expense							
87	Intangible Amortization	(Note A)	p336.1d&e	7,788,455	7,788,455	0	Amounts in Form 1 are already electric only.
91	Common Depreciation - Electric Only	(Note A)	p336.11.b	10,635,424	10,635,424	0	Amounts in Form 1 are already electric only.
92	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	7,865,371	7,865,371	0	Amounts in Form 1 are already electric only.

Transmission / Non-transmission Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
28	Plant Held for Future Use (Including Land)	(Note C)	p214	2,428,900	159,230	2,269,670	Specific identification based on plant records 1 \$159,230- Transmission Substation 2 Remainder-- Allocation of Common 3 4 5

CWIP & Expensed Lease Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	CWIP in Form 1 Amount	Expensed Lease in Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant In Service	0	p207.104g	4,244,444,041	0	0	See Form 1
Plant In Service							
19	Transmission Plant In Service	0	p207.58.g	605,089,614	0	0	See Form 1
24	Common Plant (Electric Only)	(Notes A)	p356	343,472,160	0	0	Electric / non-electric cost support above
Accumulated Depreciation							
30	Transmission Accumulated Depreciation	0	p219.25.c	257,871,864	0	0	See Form 1

EPRI Dues Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	EPRI Dues	Details
72	Allocated General & Common Expenses Less EPRI Dues	(Note D)	p352-353	315,584	160,584	EPRI Dues paid by Holding company (Constellation Energy)

Total Electric Administrative & General Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Merger Costs	Not Merger Related	Details
68	Allocated General & Common Expenses Total A&G	0	p323.197.b	162,820,173	0.00	162,820,173.00	See Form 1

Regulatory Expense Related to Transmission Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
70	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928 Directly Assigned A&G	(Note E)	p323.189.b	107,036			

Baltimore Gas and Electric Company

Attachment 5 - Cost Support

76	Regulatory Commission Exp Account 928	(Note G)	p323.189b	107,036	66,588	40,448	Included amount associated with proceedings before FERC.
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Safety Related Advertising Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
80	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.191.b	2,752,200	-	-	Electric's share of common common advertising associated with safety

MultiState Workpaper

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
128	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)		Maryland 8.25%	Enter State Enter %	Enter State Enter %	Enter State Enter %	Enter State Enter %	Enter Calculation Maryland Only

Education and Out Reach Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
77	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.191.b	2,752,200	0	0	

Excluded Plant Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
148	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities Excluded Transmission Facilities	(Note M)	Attachment 5	0	General Description of the Facilities
Instructions:				Enter \$	None
1 Remove all investment below 69 kV or generator step up transformers included in transmission plant in service that are not a result of the RTEP Process				Or	
2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:				Enter \$	
Example					
A Total investment in substation				1,000,000	
B Identifiable investment in Transmission (provide workpapers)				500,000	
C Identifiable investment in Distribution (provide workpapers)				400,000	
D Amount to be excluded (A x (C / (B + C)))				444,444	
<i>Add more lines if necessary</i>					

Outstanding Network Credits Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Outstanding Network Credits	Description of the Credits
55	Network Credits Outstanding Network Credits	(Note N)	From PJM	0	General Description of the Credits
				Enter \$	None
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0	
				Enter \$	None
<i>Add more lines if necessary</i>					

Transmission Related Account 242 Reserves

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Total	Allocation	Transmission Related	Details
44	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)			Enter \$	Amount		
Directly Assignable to Transmission				-	100%	-	
Labor Related, General plant related or Common Plant related				-	9.66%	-	
Plant Related				-	14.81%	-	
Other				-	0.00%	-	
Total Transmission Related Reserves				-		-	

Baltimore Gas and Electric Company

Attachment 5 - Cost Support

Prepayments

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Utility Total Amount	Electric Portion	Non-electric Portion	Description of the Prepayments
45	Prepayments		Allocator				
	Prepayments except Prepaid Pensions, except Other Taxes	55,129,800	14.795%	8,156,490	61,985,873	55,129,800	6,856,073 Primarily taxes. BGE is combination utility.
	Prepaid Pensions	107,519,956	9.662%	10,388,270	151,436,558	107,519,956	43,916,602 Pension Asset is recorded as an intercompany receivable due to BGE's participation in CE pension plan
	Total			18,544,760			

Extraordinary Property Loss

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Number of years	Amortization	w/ Interest
61	Less extraordinary property losses		Attachment 5				
62	Plus amortization of extraordinary property losses		Attachment 5			5 \$	- \$

Outstanding Network Credits Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Outstanding Network Credits	Description of the Credits
55	Network Credits			0	General Description of the Credits
	Outstanding Network Credits	(Note N)	From PJM	Enter \$	None
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0	
				Enter \$	None

Add more lines if necessary

Interest on Outstanding Network Credits Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Interest on Network Credits	Description of the Interest on the Credits
154	Interest on Network Credits	(Note N)	PJM Data	0	General Description of the Credits
				Enter \$	None

Add more lines if necessary

Facility Credits under Section 30.9 of the PJM OATT paid by Utility

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Amount	Description & PJM Documentation
171	Net Revenue Requirement		
	Net Zonal Revenue Requirement		

PJM Load Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
172	Network Zonal Service Rate			7,194	PJM Zonal Peak Load per 34.1 of the PJM OATT
	1 CP Peak	(Note L)	PJM Data		

Statements BG/BH (Present and Proposed Revenues)

Customer	Billing Determinant	Current Rate	Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
BG&E Zone	7198	14,590	14597.73	105,018,365	105,016,055	(2,309)
Total				105,018,365	105,016,055	(2,309)

Baltimore Gas and Electric Company

Attachment 5a - Allocations of Costs to Affiliates

Constellation Energy (CE, BGE's holding company) allocates only A&G costs to BGE.

Expense Items	Amount	Amount
	Allocated to BG&E Electric	Allocated to BG&E Gas
A&G	\$61,345,425	\$25,056,582

Explanation of the method

CE costs are allocated to all affiliates. The allocation is based on composite ratios computed annually from key financial totals published in the prior year end's financial statements. Specifically, each affiliate's pro rata share of total CE employees, assets, shareholders equity, and gross margin is developed and this percentage is used to allocate CE costs not directly attributable to specific affiliate companies. This approach to expense allocation has been in place since 2002 and was instituted in recognition of independent auditor recommendations documented during an audit of BGE's Cost Allocation Manual, a document filed annually with the Maryland Public Service Commission. This approach to holding company cost allocation has furthermore elicited no comment from financial statement auditors or the audit firm engaged to review our most recently issued Cost Allocation Manual published earlier this year. Costs allocated to BGE are recorded to the appropriate common A&G expense accounts on BGE's books. All common expenses (including allocations of cost from CE) are distributed to the electric and gas lines of business as noted on page 356.1 of the FERC Form 1. Specifically, the ratio to distribute common regulated utility expenses to gas and electric is based on a modified version of the Massachusetts formula and is influenced by each line of business's share of total utility labor, depreciation, amortization, and taxes. BGE has consistently used this approach to distribute common costs to the gas and electric lines of business for the last 20 years with no adverse comment from state or federal regulators during this interval.

Actual calculation of the results of the method for 2007

In 2007, BGE received 29.75% of CE costs not directly charged to specific affiliates. Additionally, in 2007 the regulated electric business received 71% of common utility expenses and gas received a 29% share.

Baltimore Gas and Electric Company

Attachment 6 - Estimate and True-up Worksheet

Step Month Year Action

Exec Summary

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 for Year 1 (e.g., 2004)
- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2 (e.g. 2005)
- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)

- 6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g. 2005)
- 7 April Year 3 TO estimates Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)
- 8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds in Reconciliation (adjusted to include any Reconciliation amount from prior year)
- 9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)
- 10 May Year 3 Post results of Step 9 on PJM web site
- 11 June Year 3 Results of Step 9 go into effect for Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 for Year 1 (e.g., 2004)
\$ 96,180,770 Rev Req based on Year 1 data without Cap Adds Must run Appendix A to get this number (without any cap adds in line 21)

- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2 (e.g. 2005)

	Est. In Service Date	Weighting	Amount	One 12th
Jan	988,994	11.5	11,373,431	947,786
Feb	547,371	10.5	5,747,396	478,950
Mar	775,318	9.5	7,365,521	613,793
Apr	7,308	8.5	62,118	5,177
May	1,069,718	7.5	8,022,885	668,574
Jun	18,238,460	6.5	118,549,990	9,879,166
Jul	857,093	5.5	4,714,012	392,834
Aug	8,336	4.5	37,512	3,126
Sep	147,641	3.5	516,744	43,062
Oct	45,087	2.5	112,718	9,393
Nov	91,597	1.5	137,396	11,450
Dec	6,753,714	0.5	3,376,857	281,405
Total	29,530,637		160,016,578	13,334,715
New Transmission Plant Additions for Year 2 (weighted by months in service)				13,334,715

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
\$ 13,334,715 Input to Formula Line 21

- 4 May Year 2 Post On PJM Web Site Rev Req and Formula with Exhibits
\$ 97,889,848 Must run Appendix A to get this number (with prospective weighted cap adds in line 21)

- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)
\$ 97,889,848

- 6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g. 2005)
\$ 100,712,129 Rev Req based on Year 1 data without Cap Adds Must run Appendix A to get this number (without any cap adds in line 21 of Appendix A)

- 7 April Year 3 TO estimates Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)
- | | Est. In Service Date | Weighting | Amount | One 12th |
|---|----------------------|-----------|-------------|-------------------------------------|
| Jan | 8,317,542 | 11.5 | 95,651,733 | 7,970,978 |
| Feb | 969,421 | 10.5 | 10,178,921 | 848,243 |
| Mar | 1,414,731 | 9.5 | 13,439,940 | 1,119,995 |
| Apr | 19,314 | 8.5 | 164,165 | 13,680 |
| May | 140,527 | 7.5 | 1,053,949 | 87,829 |
| Jun | 15,514,648 | 6.5 | 100,845,209 | 8,403,767 |
| Jul | (65,270) | 5.5 | (358,982) | (29,915) |
| Aug | (325,270) | 4.5 | (1,463,713) | (121,976) |
| Sep | 161,731 | 3.5 | 566,057 | 47,171 |
| Oct | 24,732,966 | 2.5 | 61,832,414 | 5,152,701 |
| Nov | 82,731 | 1.5 | 124,096 | 10,341 |
| Dec | 24,871,536 | 0.5 | 12,435,768 | 1,036,314 |
| Total | 75,834,604 | | 294,469,555 | 24,539,130 |
| New Transmission Plant Additions for Year 3 (weighted by months in service) | | | | 24,539,130 Input to Formula Line 21 |

- 8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds in Reconciliation

Remove all Cap Adds placed in service in year 2

For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 20,828,806 Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

	Actual In Service Date	Weighting	Amount	One 12th
Jan	1,001,909	11.5	11,521,959	960,163
Feb	547,387	10.5	5,747,561	478,963
Mar	775,318	9.5	7,365,523	613,794
Apr	421,165	8.5	3,579,899	298,325
May	78,725	7.5	590,438	49,203
Jun	132,758	6.5	862,924	71,910
Jul	580,250	5.5	3,191,376	265,948
Aug	268,738	4.5	1,209,319	100,777
Sep	2,682,680	3.5	9,389,379	782,448
Oct	3,710,197	2.5	9,275,493	772,958
Nov	8,051,429	1.5	12,077,144	1,006,429
Dec	2,578,250	0.5	1,289,125	107,427
Total	20,828,806		66,100,142	5,508,345

New Transmission Plant Additions for Year 2 (weighted by months in service) 5,508,345 Input to Formula Line 21

98,647,268 Result of Formula for true-up Must run Appendix A with cap adds from row 99 in line 21 & line 20 filled as per row 85 to get this number (Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)

9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)

The true-up in Step 8	-	The forecast in Prior Year	=	757,420
98,647,268		97,889,848		

Interest on Amount of Refunds or Surcharges

Interest 35.19a for March Current Yr 0.6600%

Month	Yr	1/12 of Step 9	Interest 35.19a for March Current Yr	Months	Interest	Refunds Owed
Jun	2007	63,118	0.6600%	11.5	4,791	67,909
Jul	2007	63,118	0.6600%	10.5	4,374	67,492
Aug	2007	63,118	0.6600%	9.5	3,958	67,076
Sep	2007	63,118	0.6600%	8.5	3,541	66,659
Oct	2007	63,118	0.6600%	7.5	3,124	66,243
Nov	2007	63,118	0.6600%	6.5	2,708	65,826
Dec	2007	63,118	0.6600%	5.5	2,291	65,410
Jan	2008	63,118	0.6600%	4.5	1,875	64,993
Feb	2008	63,118	0.6600%	3.5	1,458	64,576
Mar	2008	63,118	0.6600%	2.5	1,041	64,160
Apr	2008	63,118	0.6600%	1.5	625	63,743
May	2008	63,118	0.6600%	0.5	208	63,327
Total		757,420				787,414

	Balance	Interest	Amort	Balance
Jun	787,414	0.6600%	68,467	724,144
Jul	724,144	0.6600%	68,467	660,457
Aug	660,457	0.6600%	68,467	596,349
Sep	596,349	0.6600%	68,467	531,818
Oct	531,818	0.6600%	68,467	466,861
Nov	466,861	0.6600%	68,467	401,476
Dec	401,476	0.6600%	68,467	335,659
Jan	335,659	0.6600%	68,467	269,407
Feb	269,407	0.6600%	68,467	202,719
Mar	202,719	0.6600%	68,467	135,590
Apr	135,590	0.6600%	68,467	68,018
May	68,018	0.6600%	68,467	(0)
Total with interest			821,601	

The difference between the true-up in Step 8 and the forecast in Prior Year with interest 821,601
 Rev Req based on Current Year data with estimated Cap Adds for Year 3 (Step 8) \$ 104,194,454 Must run Appendix A to get this number (with prospective weighted cap adds in line 21)
 Revenue Requirement for Year 3 105,016,055

10 May Year 3 Post results of Step 9 on PJM web site
 \$ 105,016,055 Post On PJM Web Site Rev Req and Formula with Exhibits

11 June Year 3 Results of Step 9 go into effect for Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)
 \$ 105,016,055

Baltimore Gas and Electric Company
Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest	
100	Less LTD Interest on Securitization Bonds	17,657,958
	Capitalization	
111	Less LTD on Securitization Bonds	602,511,366

Calculation of the above Securitization Adjustments

