

**CASE No. 9096 – Baltimore Gas and Electric Company Application for Approval of Changes in Depreciation Rates.**

On December 12, 2006, as a first step to filing a full application for a rate increase, BGE filed an application for changes in its depreciation rates. Based on BGE's own 2006 Depreciation Study, while BGE sought a 0.02 % decrease from its current composite electric distribution operations rate and a 0.20 % percent decrease from its current composite gas operations rates, BGE sought a 1.93 % increase from its current composite common plant rates. In numerical amounts, while the proposed 2006 depreciation expense decreases would total about \$2.9 million; they would be more than offset by the proposed depreciation expense increase of \$5.36 million.

In OPC's first round of expert testimony filed in June 2007, OPC recommended that BGE's current composite electric distribution operations rate be decreased by 0.67%, current composite gas operations rates be decreased by 0.27% and the increase from BGE's composite common plant rates would be limited to 1.23 %. In numerical amounts, OPC's recommended total annual depreciation and removal cost expenses were \$14.66 million, which was about \$ 21.47 million less than BGE's current expenses and \$23.93 million less than what BGE was seeking. After additional rounds of pre-filed testimony are completed, the PSC will conduct a hearing to resolve the dispute.