IN THE MATTER OF THE APPLICATION OF BALTIMORE GAS AND ELECTRIC COMPANY FOR ADJUSTMENTS TO ITS ELECTRIC BASE RATES	* * * * * * * * *	**BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND** **CASE NO. _____**

APPLICATION OF BALTIMORE GAS AND ELECTRIC COMPANY FOR ADJUSTMENTS TO ELECTRIC BASE RATES AND OTHER TARIFF REVISIONS

Pursuant to §§ 4-203 and 4-204 of the Public Utilities Article of the *Annotated Code of Maryland* ("PUA") and Public Service Commission of Maryland ("Commission") Order Nos. 89482, 89638, and 90480, BALTIMORE GAS AND ELECTRIC COMPANY ("BGE" or the "Company") submits this application (the "Application") for certain adjustments to its electric base rates and other revisions to its Electric Service Tariffs designated "Supplement 754 to P.S.C. Md. E-6 (Electric)" to become effective August 1, 2026. In support of its Application, BGE states:

ONE: BGE is a public service company under the PUA and is subject to Commission regulation. The Company provides electric and gas service to a population of more than 3.1 million in Baltimore City and in all or part of ten surrounding counties in Central Maryland. Electric service is provided to more than 1.3 million customers across an electric service territory of 2,300 square miles.[1]

[1] BGE's electric service territory covers Baltimore City and all or part of eight Maryland counties.

TWO: Under the provisions of PUA §5-303, BGE has the affirmative duty of furnishing utilities, services, and facilities that are safe, adequate, just, reasonable, economical, and efficient, considering the conservation of natural resources and the quality of the environment.

THREE: BGE has listened to customers and stakeholders and in response to affordability concerns raised, made a deliberate decision to delay its previously announced plan to file a rate case in early 2026 in order to evaluate potential alternatives. As part of that evaluation, BGE carefully assessed the level of revenue and investment necessary to maintain its system in a safe and reliable manner. The alternatives considered included not filing a rate case at all; however, for the reasons discussed in the testimony of the Company's witnesses – including the inability to continue funding the investments and operating costs necessary to sustain a safe and reliable system – this option was not viable. Accordingly, BGE is proceeding with this filing primarily to ensure it can maintain the integrity of its system and continue providing safe, reliable service to its customers.

FOUR: BGE is advancing affordability in meaningful and measurable ways, including the proposed BGE FlexPay program and an acceleration of the Limited Income Mechanism to reach the most vulnerable customers sooner. In parallel, BGE continues to exercise rigorous financial and operational discipline, delivering customer benefits through efficiency initiatives that have helped control costs. BGE's request allows for the investments necessary to maintain the safety and reliability of the electric distribution system for Central Maryland and for BGE's customers – reliability which has taken decades to achieve. Thus, in this historic test year request, BGE has weighed its primary obligation to provide safe and reliable service with customer affordability, focusing on the electric infrastructure investments that are the most essential to continued safe and reliable service, while also being mindful of customer bills. However, the consequences of

reducing and deferring critical infrastructure investment right now puts the reliability of the system customers depend on each and every day at risk of degradation, leading to more frequent and prolonged service outages for customers with even greater costs for BGE and customers over time since emergency repairs are more costly for customers than planned replacements (and the cost of a repair in the future will cost more).

FIVE: The Company proposes "BGE FlexPay," a prepaid program, paired with an arrearage management component, designed to provide customers with greater control, flexibility, and visibility into their energy usage and bills. This program builds on a previously successful pilot. BGE is seeking approval of a full rollout of BGE FlexPay in response to customer feedback and its recognition that customers are facing increasing pressure from rising energy bills, primarily driven by rising electric supply costs. While many of the cost drivers on a customer's bill – such as supply costs – are outside of the Company's control, BGE recognizes that customers experience a single, unified BGE bill that includes these rising supply costs. Accordingly, the Company is focused on providing tools that empower customers to actively manage their energy usage and gain more real time control over their bills.

SIX: To continue responding effectively and efficiently to storm events and maintain the restoration experience to which customers have become accustomed, the Company is requesting the Storm Restoration Expense Rider (the "Storm Rider") to provide for more timely funding of restoration resources and to allow for storm event expenses to be more gradually reflected on customer bills. Importantly, this Storm Rider mechanism protects customers by ensuring that BGE recovers no more and no less than the actual level of incremental outage event expense for all sizes of storms. Differences between the level of restoration expenses actually incurred and restoration

expenses authorized as the baseline in rates would be deferred to a regulatory asset or liability and charged / refunded to customers under the proposed Storm Rider.

SEVEN: Under the provisions of PUA § 4-101, BGE is entitled to an operating income yielding, after a deduction for necessary and proper expenses, a reasonable return upon the fair value of its property, which must be adequate to assure confidence in the financial soundness of the utility, to maintain and support its credit, and to enable it to raise the capital necessary for the proper discharge of its duties as a public service company.

EIGHT: BGE's current approved electric base rates are neither just nor reasonable and do not yield a reasonable return on the fair value of BGE's property devoted to electric delivery service. The requested adjustment is necessary for the Company to continue providing safe and reliable service to our customers and to maintain its financial integrity. Absent such relief, the Company will be unable to earn a reasonable return or adequately support ongoing investments in infrastructure and service quality. Approval of the requested adjustment will enable BGE to continue delivering tangible benefits to its customers while also promoting public safety, the economy of the state, and providing important environmental quality and natural resources conservation benefits.[2]

NINE: In the testimony and exhibits supporting this Application, BGE provides evidentiary support for an electric revenue deficiency of $156.1 million. The revenue deficiency demonstrated is based on a test year for the 12 months ended March 31, 2026 (adjusted for certain known and

[2] PUA § 5-303.

measurable changes), a return on equity of 10.4 percent, and an overall rate of return on investment of 7.68 percent.

TEN: If granted in full, the requested rate adjustment would result in an overall increase of 2.8 percent in total electric bills, but the impact will vary from rate schedule to rate schedule and from customer to customer. The total monthly bill for a residential electric customer with average monthly usage of 851 kWh is expected to increase by about four percent (or about $8.00) per month.

ELEVEN: Included with the Company's Application are proposed revisions to certain pages within the Company's Electric Service Tariff designated "Supplement 754 to P.S.C. Md. E-6 (Electric)". *Inter alia*, the revised tariff pages reflect the proposed electric base rates to be effective August 1, 2026, as well as other tariff changes including the proposed Storm Rider.

TWELVE: This Application is supported by the prepared direct testimony and exhibits of John C. Frain, Vice President of Regulatory Policy and Strategy for BGE; Michael J. Cloyd, Senior Vice President, Chief Financial Officer and Treasurer for BGE; Laura A. Wright, Vice President of Technical Services for BGE; Nancy McCart, Director, Regulatory Strategy and Revenue Policy for BGE; Jason M. B. Manuel, Senior Manager of Revenue Policy for BGE; Jennifer A. Karas, Manager of Rate Administration for BGE; and Adrien M. McKenzie, President of Financial Concepts and Applications, Inc.; which have been simultaneously filed herewith.

THIRTEEN: This Application is also supported by the Company's filing of the Supplemental Information required by the Commission's April 18, 1983, Secretarial Letter Order.

FOURTEEN: On July 30, 2025, the Company filed with the Commission public and confidential versions of: (1) its Cost Allocation and Transfer Pricing Manual ("CAM") for 2025, in accordance with the Code of Maryland Regulations 20.40.02.07B; and (2) the independent audit opinion of SB & Company ("SBC"), which was prepared by SBC following an examination of the CAM pursuant to the provisions of PUA § 4-208.[3]

WHEREFORE, Baltimore Gas and Electric Company requests that the Commission permit the rates filed herewith to become effective as filed.

Respectfully submitted,

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[3] BGE's CAM and CAM audit filing was submitted under Mail Log No. 320858.