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VICE PRESIDENT  
NUCLEAR ENERGY  
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July 24, 1990

U. S. Nuclear Regulatory Commission  
Washington, DC 20555

ATTENTION: Document Control Desk

SUBJECT: Calvert Cliffs Nuclear Power Plant  
Unit Nos. 1 & 2; Docket Nos. 50-317 & 50-318  
Submittal of Certification of Financial Assurance for Decommissioning

REFERENCES: (a) Regulatory Guide 1.159, "Assuring the Availability of Funds for Decommissioning Nuclear Reactors", May 1990

Gentlemen:

Enclosed is the Baltimore Gas and Electric Company (BG&E) certification of financial assurance for the decommissioning of Calvert Cliffs Unit 1 and 2, as required by 10 CFR 50.33(k)(1) and 50.75. The Regulatory Guide 1.159, Reference (a), has been used as guidance for the preparation of this certification. Financial assurance associated with Parts 30, 40 and 70 materials referred to in the facility Operating License for Units 1 and 2 is included within the NRC minimum amounts set forth in Part 50 and thus is included in the certification of Financial Assurance.

The submittal includes the following enclosures:

- ENCLOSURE (1) CERTIFICATION OF FINANCIAL ASSURANCE
- ENCLOSURE (2) CALCULATION OF CERTIFICATION OF FINANCIAL ASSURANCE
- ENCLOSURE (3) BALTIMORE GAS AND ELECTRIC COMPANY MASTER DECOMMISSIONING TRUST AGREEMENT

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ENCLOSURE (1)

CERTIFICATION OF FINANCIAL ASSURANCE

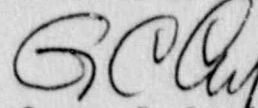
Principal: Baltimore Gas and Electric Company

Docket Nos. 50-317/50-318, Calvert Cliffs Nuclear Power Plant Units 1 and 2,  
Calvert County, Maryland

Issued to: U.S. Nuclear Regulatory Commission

This is to certify that Baltimore Gas and Electric Company is licensed to operate two pressurized water reactors (Calvert Cliffs Units 1 and 2) at steady state reactor core power levels not in excess of 2,700 thermal megawatts per unit. Financial assurance in the amount prescribed by 10 CFR 50.75 (c) of \$137,332,000 per unit in December 31, 1989 dollars (Enclosure (2) attached) will be funded over the remaining life of each facility at \$5,493,280 and \$5,086,370 (Enclosure (2) attached) each year through the years 2014 and 2016 for Units 1 and 2, respectively.

Baltimore Gas and Electric Company has selected the external sinking fund method of providing financial assurance for the decommissioning of each unit. A copy of the trust agreement for the external sinking fund established for the decommissioning of Calvert Cliffs Units 1 and 2 is attached as Enclosure (3).

  
George C. Creel  
Vice-President  
Nuclear Energy

ENCLOSURE (2)

CALCULATION OF CERTIFICATION OF FINANCIAL ASSURANCE  
December 31, 1989

	<u>Unit 1</u>	<u>Unit 2</u>	<u>Total</u>
<u>Calculation of NRC Minimum in January 1986 Dollars</u>			
Calvert Cliffs power rating (thermal megawatts)	2,700	2,700	5,400
NRC power factor (millions)	x .0088	x .0088	x .0088
Power factor portion of the NRC minimum	<u>\$23,800,000</u>	<u>\$23,800,000</u>	<u>\$ 47,600,000</u>
Base portion of the NRC minimum	<u>75,000,000</u>	<u>75,000,000</u>	<u>150,000,000</u>
Total NRC minimum in January 1986 dollars	<u>\$98,800,000</u>	<u>\$98,800,000</u>	<u>\$197,600,000</u>
<u>Conversion of the NRC Minimum to 12/31/89 Dollars</u>			
Total NRC minimum in January 1986 dollars (from above)	\$ 98,800,000	\$ 98,800,000	\$197,600,000
NRC inflation factor to 12/31/89 dollars (Page 2)	x 1.39	x 1.39	x 1.39
NRC minimum in 12/31/89 dollars	<u>\$137,332,000</u>	<u>\$137,332,000</u>	<u>\$274,664,000</u>
<u>Required Funding Based on NRC Minimum in 12/31/89 Dollars</u>			
NRC minimum in 12/31/89 dollars (from above)	\$137,332,000	\$137,332,000	
Remaining years of service from 1990 to 2014/2016	<u>25</u>	<u>27</u>	
Required annual deposits to external sinking fund	<u>\$ 5,493,280</u>	<u>\$ 5,086,370</u>	<u>\$ 10,579,650</u>
<u>1990 Funding Status</u>			
Required external sinking fund amount at 12/31/90	<u>\$ 5,493,280</u>	<u>\$ 5,086,370</u>	<u>\$ 10,579,650</u>
Fair market value of external sinking fund at 12/31/89	5,079,115	7,491,235	12,570,350
Projected payments to external sinking fund for 1990	3,811,984	4,187,009	7,998,993
Projected earnings on external sinking fund for 1990	<u>482,074</u>	<u>669,034</u>	<u>1,151,108</u>
Projected external sinking fund at 12/31/90	<u>9,373,173</u>	<u>12,347,278</u>	<u>21,720,451</u>
Excess of projected external sinking fund over required amount at 12/31/90	<u>\$ 3,879,893</u>	<u>\$ 7,260,908</u>	<u>\$ 11,140,801</u>

ENCLOSURE (2)

CALCULATION OF CERTIFICATION OF FINANCIAL ASSURANCE  
DECOMMISSIONING INFLATION FACTOR  
December 31, 1989

<u>Inflation Component</u>	<u>Index at</u>		<u>Ratio of Indices</u>	<u>Energy Weight</u>	<u>Weighted Ratios</u>	<u>NRC Weight</u>	<u>Weighted Inflation Factor</u>
	<u>Jan 1986</u>	<u>Dec 31 1989</u>					
Labor	127.7	147.3	1.15		1.15	.65	.75
Energy							
Power	119.3	113.8	.95	.58	.55		
Fuel	82.0	68.1	.83	.42	.35		
Total Energy					.90	.13	.12
Burial	1.00	2.37*	2.37		2.37	.22	.52
NRC Inflation Factor to 12/31/89 Dollars							<u>1.39</u>

\* The 12/31/89 burial cost index is estimated because the actual index has not yet been published by the NRC. The estimate was computed as follows:

Index for South Carolina site in January 1988 dollars per NUREG-1307 Revision 1	2.007
Annual increase of 8.6% for South Carolina site inherent in 2.007 index per NUREG-1307 Revision 1	<u>x1.086</u>
Projected index for South Carolina site at 12/31/88	2.18
Annual increase per above	<u>x1.086</u>
Projected index for South Carolina site at 12/31/89	<u>2.37</u>

ENCLOSURE (3)

BALTIMORE GAS AND ELECTRIC COMPANY  
MASTER DECOMMISSIONING TRUST AGREEMENT  
FOR CALVERT CLIFFS NUCLEAR POWER PLANT

Dated November 22, 1988

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EXHIBIT A. CERTIFICATE

MASTER DECOMMISSIONING TRUST AGREEMENT

THIS MASTER DECOMMISSIONING TRUST AGREEMENT, made as of this 22nd day of November, 1988, by and between Baltimore Gas and Electric Company, a Maryland corporation (the "Company") and The First National Bank of Maryland, a national banking association having trust powers (the "Trustee"), effective on November 23, 1988.

RECITALS OF THE COMPANY

WHEREAS, the Company owns and operates the Calvert Cliffs Nuclear Power Plant which consists of two nuclear power reactors ("Unit One" and "Unit Two");

WHEREAS, the Company is subject to regulation by the Public Service Commission of Maryland (the "PSC"), an agency of the State of Maryland created and existing pursuant to Article 78, § 3 of the Annotated Code of Maryland, and to certain regulation by the Federal Energy Regulatory Commission (the "FERC") and the Nuclear Regulatory Commission (the "NRC"), both agencies of the United States government created and existing pursuant to 42 U.S.C. §§ 7134 and 7171, and 42 U.S.C. § 5841, respectively;

WHEREAS, the PSC has permitted the Company to include in its cost of service for ratemaking purposes certain amounts in order to provide monies for decommissioning expenses associated with Unit One and Unit Two;

WHEREAS, pursuant to Section 468A of the Internal Revenue Code of 1986, and the regulations promulgated thereunder, certain Federal income tax benefits are available to the Company by creating and contributing monies to qualified Nuclear Decommissioning Reserve Funds (as provided by Section 468A of the Code) associated with Unit One and Unit Two;

WHEREAS, the Company wishes to establish both qualified Nuclear Decommissioning Reserve Funds and nonqualified Nuclear Decommissioning Reserve Funds to hold monies for decommissioning Unit One and Unit Two;

WHEREAS, the Company wishes to establish a Master Trust, for the collective investment of the assets of the qualified Nuclear Decommissioning Reserve Funds for Unit One and Unit Two, and the nonqualified Nuclear Decommissioning Reserve Funds for Unit One and Unit Two, each of which shall constitute a separate trust under the Master Trust, which funds may be divided into separate investment accounts managed by one or more investment managers designated in accordance with this Agreement;

WHEREAS, the assets of each of the qualified and nonqualified Nuclear Decommissioning Reserve Funds will be transferred to a Master Trust to be held hereunder for the benefit of such funds;

WHEREAS, the NRC has issued regulations specifying that financial assurance for decommissioning must be provided by one or more methods, including an external sinking fund; and

WHEREAS, pursuant to the regulations under Section 468A of the Code, qualified Nuclear Decommissioning Reserve Funds must be established and maintained at all times in the United States pursuant to an arrangement that qualifies as a trust under Maryland Law.

#### RECITALS OF TRUSTEE

WHEREAS, The First National Bank of Maryland is a national banking association with trust powers; and

WHEREAS, The First National Bank of Maryland is willing to serve as trustee to the Master Trust on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Company hereby agrees to deliver to the Trustee and the Trustee

hereby agrees to receive contributions of monies to the Master Trust beginning on or after the effective date of this Agreement;

TO HAVE AND TO HOLD such assets as provided herein;

TO INVEST AND REINVEST the assets of the Master Trust as provided herein;

TO DISBURSE OR DISTRIBUTE from the Master Trust as provided herein;

IN TRUST NEVERTHELESS, for the uses and purposes and upon the terms and conditions hereinafter set forth.

#### ARTICLE I. DEFINITIONS

1.1 Definitions. As used in this Master Decommissioning Trust Agreement, the following terms shall have the following meanings:

(1) "Agreement" shall mean and include this Master Decommissioning Trust Agreement as the same may from time to time be amended, modified or supplemented.

(2) "Certificate" shall mean a document properly completed and executed as provided in Section 12.8.

(3) "Company" shall mean the Baltimore Gas and Electric Company, or any successor thereto.

(4) "Contribution" shall mean any contribution, cash or marketable securities, made to the Master Trust, or to any Fund, by the Company.

(5) "Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

(6) "Decommissioning Costs" for the Qualified Funds shall be as defined in Regulation 1.468A-1(b)(5), promulgated pursuant to Section 468A of the Code, and for the Nonqualified Funds costs of decommissioning as defined in 10 CFR 50.2.

(7) "Excess Contribution" shall have the meaning set forth in Section 3.3 hereof.

(8) "Fair Value" for any security held by the Master Trust shall be determined as follows:

(a) securities listed on the New York Stock Exchange ("NYSE") or American Stock Exchange ("AMEX") shall be valued at the closing price as shown in the New York Stock Exchange Composite Transaction or American Stock Exchange Composite Transaction, as applicable, as of the most recent trading date of the applicable exchange on or prior to the valuation date. Securities traded on exchanges other than the NYSE or AMEX shall be valued at the closing price as of the most recent trading date of the applicable exchange on or prior to the valuation date, and

(b) all other securities and assets shall be valued at their market values as fixed by the Trustee's staff regularly engaged in such activities;

provided, however, that at the request of the Trustee an Investment Manager shall determine the value of any securities or other property managed by that Investment Manager and such determination shall be regarded as a direction binding upon the Trustee for purposes of the Fair Value of such securities.

(9) "FERC" shall mean the Federal Energy Regulatory Commission.

(10) "Fund" shall mean any one of the Qualified or Nonqualified Funds, which shall each constitute a separate trust under the Master Trust.

(11) "Funds" shall mean the Qualified Funds and the Nonqualified Funds, collectively.

(12) "Investment Manager(s)" shall mean the investment counselor(s), if any, designated from time to time by the Company, excluding the Trustee.

(13) "Investment Manager Agreement(s)" shall mean the agreement(s) between the Company and one or more investment counselor(s) selected by the Company which agreement(s) governs the investment of all or any portion of the Master Trust.

(14) "Master Trust" shall consist of all Contributions to any Fund together with investments and reinvestments thereof and any income, earnings and appreciation thereon, reduced by any losses, depreciation and disbursements made by the Trustee.

(15) "Nonqualified Funds" shall mean the Unit One Nonqualified Fund and the Unit Two Nonqualified Fund, collectively.

(16) "Nuclear Decommissioning Reserve Fund" shall have the meaning set forth in Section 468A of the Code.

(17) "NRC" shall mean the Nuclear Regulatory Commission.

(18) "Order" shall mean any relevant order of the PSC, FERC, or NRC affecting any aspect of the decommissioning of the Plant.

(19) "Plant" shall mean the Company's ownership interest in the Calvert Cliffs Nuclear Power Plant.

(20) "PSC" shall mean the Public Service Commission of Maryland as set forth in the third paragraph of this Agreement.

(21) "Qualified Funds" shall mean the Unit One Qualified Fund and the Unit Two Qualified Fund, collectively.

(22) "Schedule of Ruling Amounts" shall have the meaning set forth in Section 468A(d) of the Code.

(23) "Service" shall mean the Internal Revenue Service.

(24) "Successor Trustee" shall mean any entity appointed as Successor Trustee pursuant to Section 9.6 hereof.

(25) "Trustee" shall mean The First National Bank of Maryland, a national banking association organized and existing under the laws of the United States of America having trust powers.

(26) "Unit One Nonqualified Fund" shall be a trust consisting of Contributions designated by the Company for decommissioning Unit One (but only to the extent such monies are not contributed to and maintained in the Unit One Qualified Fund) together with investment and reinvestments thereof, and any income, earnings and appreciation thereon, reduced by any losses, depreciation and disbursements made by the Trustee.

(27) "Unit One Qualified Fund" shall mean the Nuclear Decommissioning Reserve Fund established for Unit One pursuant to Section 468A of the Code, and shall be a trust consisting of Contributions designated by the Company for decommissioning Unit One (which monies are specified in a Schedule of Ruling Amounts with respect to Unit One) together with investments and reinvestments thereof and any income, earnings and appreciation thereon, reduced by any losses, depreciation and disbursements made by the Trustee.

(28) "Unit Two Nonqualified Fund" shall be a trust consisting of Contributions designated by the Company for decommissioning Unit Two (but only to the extent such monies are not contributed to and maintained in the Unit Two Qualified Fund) together with investments and reinvestments thereof and any income, earnings and appreciation thereon, reduced by any losses, depreciation and disbursements made by the Trustee.

(29) "Unit Two Qualified Fund" shall mean the Nuclear Decommissioning Reserve Fund established for Unit Two pursuant to Section 468A of the Code, and shall be a trust consisting of Contributions designated by the Company for decommissioning Unit Two (which monies are specified in a Schedule of Ruling Amounts with respect to Unit Two) together with any income, earnings and

appreciation thereon, reduced by any losses, depreciation and disbursements made by the Trustee.

ARTICLE II. MASTER TRUST PURPOSES, NAME AND FUNDS

2.1. Master Trust Purposes. The purposes of this Master Trust are to hold and invest Contributions and any profits, income, gains or earnings from the investment and reinvestment of the Contributions for the contemplated decommissioning of the Plant, to constitute qualified Nuclear Decommissioning Reserve Funds for Unit One and Unit Two pursuant to Section 468A of the Code, any applicable successor provision and the regulations thereunder, to constitute nonqualified Nuclear Decommissioning Reserve Funds for Unit One and Unit Two, and to comply with any Order applicable to the Master Trust.

2.2. Establishment of Master Trust. The Company hereby establishes with the Trustee the Master Trust and Trustee hereby agrees to serve as trustee on the terms and conditions herein set forth. The Master Trust hereby established shall consist of such Contributions as may from time to time be delivered to the Trustee by the Company and the earnings and appreciation thereon, reduced by any losses, depreciation, and payments made by the Trustee. The Company hereby establishes the Funds, each of which shall constitute a trust consisting of such Contributions as may be delivered to the Trustee by the Company designated for such Fund. Each Fund shall also include additional Contributions designated for such Fund, together with investments and reinvestments thereof, and earnings and appreciation thereon less any losses, depreciation and payments made by the Trustee and allocated to such Fund in accordance with the terms of this Agreement. The Company hereby appoints The First National Bank of Maryland as Trustee of the Master Trust and each of the Funds. The Trust shall be held by the Trustee, IN TRUST, and dealt with in accordance with the provisions of this Agreement. No part of



the corpus or income of the Trust shall be used for or devoted to any purpose other than for the exclusive purpose of providing funds for the nuclear decommissioning of Unit One and Unit Two; provided, however, that amounts in the Master Trust may be used to pay administrative costs and other incidental expenses of the Master Trust, as provided in Section 6.2 hereof.

2.3 Acceptance of Appointment. The First National Bank of Maryland accepts the appointment as Trustee of this Master Trust and each of the Funds. The Trustee shall receive any Contributions transferred to it by the Company; and, except as otherwise hereinafter provided, the Trustee shall manage, invest and reinvest the Master Trust and Funds (without distinction as to principal and income), collect the income thereof, and make payments therefrom pursuant to the terms of this Agreement. The Trustee shall be responsible only for the money and property actually received by it hereunder. The Trustee shall have no duty or authority to compute any amount to be paid to it by the Company or to bring any action or proceeding to enforce the collection from the Company of any contribution to the Master Trust.

2.4 Name of Master Trust. The Master Trust shall constitute and be designated on the Trustee's books as the "Baltimore Gas and Electric Company Master Decommissioning Trust."

2.5 Division of Master Trust. The Master Trust shall be divided by the Trustee into the Fund(s) as follows:

- (a) Calvert Cliffs Nuclear Power Plant Unit One Qualified Fund;
- (b) Calvert Cliffs Nuclear Power Plant Unit One Nonqualified Fund;
- (c) Calvert Cliffs Nuclear Power Plant Unit Two Qualified Fund; and

(d) Calvert Cliffs Nuclear Power Plant Unit Two Nonqualified Fund.

The Trustee shall maintain such records as are necessary to reflect each Fund separately on its books from each other Fund, and shall separately account for the contributions, earnings, expenses and distributions of each Fund.

2.6 Designation of Funds. The Company shall designate (by Certificate or otherwise) to the Trustee the Fund(s) to be credited or debited for the amount of any Contribution, distribution, addition or adjustment and the Trustee shall credit or debit the Fund(s) in accordance with such designation.

2.7 Delivery and Interpretation of Orders. The Company agrees to provide the Trustee with a copy of each Order, along with an explanation, if necessary, of the terms of each Order, and to respond promptly to questions raised by the Trustee concerning the terms of each Order. The Trustee shall have no duty to challenge any Order.

2.8 No Authority to Conduct Business. The purposes of this Master Trust are limited to the matters set forth specifically in Section 2.1 above, and there is no objective by the Company or the Trustee with respect to this Master Trust to carry on any business unrelated to such Master Trust purposes, or to divide the gains therefrom.

2.9 No Transferability of Interest in Master Trust. The interest of the Company in the Master Trust is not transferable, whether voluntarily or involuntarily, by the Company nor subject to the claims of creditors of the Company.

### ARTICLE III. CONTRIBUTIONS, INCOME AND SUBSEQUENT ADJUSTMENTS

3.1 Contributions to Master Trust. From time to time after the execution of this Agreement and prior to the termination of the Master Trust, the Company may make, and the Trustee shall accept, Contributions to the

Master Trust to satisfy the purposes of this Master Trust as set forth in Section 2.1, which Contributions shall be designated by the Company for credit to the appropriate Fund(s) and which thereafter shall be held, managed and distributed by the Trustee pursuant to this Agreement. The Trustee shall have no obligation to ensure that the Contributions of the Company are sufficient to carry out the purposes of this Master Trust.

3.2 Allocation of Income. Provided the investment restrictions of Section 4.1(b) hereof are met (relating to investments of Qualified Funds), the Trustee may pool the assets of each Fund for investment purposes and, upon so doing, shall treat each Fund as having received or accrued a pro rata portion (based on the Fair Value of the pooled assets of each Fund) of Master Trust income in any applicable fiscal period of the Master Trust. The Trustee shall maintain such records as are necessary to reflect the allocation of income among the Funds in accordance with this Section 3.2. The Trustee may rely upon the written opinion of legal counsel of the Company, who may be an employee of the Company, with respect to any question arising under this Section 3.2.

3.3 Subsequent Adjustments. The Trustee and the Company understand that the Contributions made by the Company to the Unit One Qualified Fund or to the Unit Two Qualified Fund from time to time may exceed the amount permitted to be paid into such Fund(s) pursuant to Section 468A of the Code and any regulations thereunder due to changes in estimates, subsequent developments or any other event or occurrence which could not reasonably have been foreseen by the Company at the time such contribution was made (the amount of any such excess being hereinafter referred to as an "Excess Contribution"). Upon the written notification of the Company to the Trustee setting forth the amount of the Excess Contribution and stating that such Excess Contribution should be transferred to one of the Nonqualified Funds or

paid to any person or entity including but not limited to the Company, the Trustee shall transfer or pay such Excess Contribution, as the case may be, to the Nonqualified Fund(s), person or entity specified by the Company in the written notification. The Trustee shall have no obligation to determine whether any Contribution is an Excess Contribution nor to determine or ensure that any Fund qualifies as a Nuclear Decommissioning Reserve Fund.

3.4 Transfer Among Funds. The Trustee and the Company further understand that a transfer of monies between the Qualified Funds or between the Nonqualified Funds, or among the Qualified Funds and the Nonqualified Funds may be necessary to effectuate the purposes of this Master Trust. The Trustee shall make any such transfer upon receipt of written directions from the Company designating the Funds to be debited and credited and the amount to be debited or credited to each such Fund.

#### ARTICLE IV. TRUSTEE'S INVESTMENT POWERS

4.1 General Investment Powers. To the extent that the assets of the Master Trust are not under the management of an Investment Manager as provided in Article V hereof, upon the written direction of the Company, the Trustee shall have the following investment powers, all of which are exercisable in a fiduciary capacity and in the best interests of the Master Trust without court approval:

(a) Investment Guidelines. Generally, to hold, manage and invest the assets of this Master Trust with the objective of seeking, within the investment restrictions specified herein and under laws, rules, regulations and Orders applicable to the Master Trust, current income with liquidity and safety of principal.

(b) Investment of Qualified Funds. To invest and reinvest all or any part of the Qualified Funds, including any undistributed income therefrom, as permitted by Sections 501(c)(21)(B)(ii) and

468A(e)(4)(C) of the Code, the regulations thereunder, and any applicable successor provisions; provided, however, that no such investment or reinvestment of Qualified Funds may be made by the Trustee (i) in any bank, savings and loan association, or other financial institution whose deposits are not insured by the Federal Deposit Insurance Corporation, the Federal Savings & Loan Insurance Corporation, the Federal Credit Union Insurance Corporation, or other comparable federal agency; or (ii) which to the knowledge of the Trustee would contravene any Order, or any written instructions issued by the Company. In all cases, however, the total investment by the Trustee must be sufficiently liquid, in the reasonable opinion of the Trustee, to enable the Master Trust to fulfill the purposes of the Master Trust and to satisfy obligations and contemplated payments from the Master Trust as such obligations and payments become due.

(c) Investment of Nonqualified Funds. To invest and reinvest all or any part of the Nonqualified Funds, including any undistributed income therefrom in any and all kinds of securities, including, but not limited to, common and preferred stocks, bonds, debentures, notes, mortgages and options on property; in money market funds, commercial paper, repurchase agreements, United States Treasury obligations, certificates of deposit, savings accounts, checking accounts, other cash investment medium, investment trusts, common trust funds, or in any other interest or investment medium, even though such investment would not be of a character authorized by applicable law but for this provision; provided, however, that no such investment or reinvestment may be made by the Trustee which to the knowledge of the Trustee would contravene any Order, or any written instructions issued by the Company. In all cases, however,

the total investments must be sufficiently liquid, in the reasonable opinion of the Trustee, to enable the Master Trust to fulfill the purposes of the Master Trust and to satisfy obligations and contemplated payments from the Master Trust as such obligations and payments become due. Nothing in this Section 4.1(c) shall be construed as authorizing the Trustee to carry on any business or to divide the gains therefrom.

(d) Estimates of Liquidity. The Company shall provide the Trustee from time to time with the Company's estimate of the liquidity needs of each Fund of the Master Trust. The Trustee shall furnish such information reasonably requested by the Company to determine such estimates.

(e) Liquidation of Fund Investments. The Trustee shall have no liability for investment losses or penalties incurred as a result of a liquidation of Master Trust investments made to effect disbursements from the Master Trust at the direction of the Company or an Investment Manager.

(f) Management of Master Trust.

(i) To sell, exchange, partition or otherwise dispose of all or any part of the Master Trust at public or private sale, without prior application to or approval by or order of any court, upon such terms and in such manner and at such prices as the Trustee shall determine; to modify, renew or extend mortgages, bonds, notes or other obligations or any installment of principal thereof or any interest due thereon and to waive any defaults in the performance of the terms and conditions thereof; and to execute and deliver any and all bills of sale, assignments, bonds or other instruments in connection with these powers, all at such times, in such manner and

upon such terms and conditions as the Trustee may deem expedient to accomplish the purposes of the Master Trust as set forth in Section 2.1 hereof. No person dealing with the Trustee shall be bound to review, analyze, or investigate the application of any consideration or proceeds of sales.

(ii) Notwithstanding anything contained in this Agreement to the contrary, the Trustee may not authorize or carry out any sale, exchange or other transaction which would constitute an act of "self-dealing" within the meaning of Section 4951 of the Code, as such Section is made applicable to the Qualified Funds by Section 468A(e)(5) of the Code, any regulations thereunder, and any applicable successor provision.

4.2 Temporary Investments. The Trustee shall invest temporarily idle cash balances awaiting disbursement or permanent investment (by the Investment Manager pursuant to Article V hereof or by the Trustee pursuant to Section 4.1 hereof) in investment vehicles which conform to the requirements on such investments specified in Sections 4.1(b) and 4.1(c) hereof.

ARTICLE V. AUTHORIZATION TO DIRECT INVESTMENT  
BY INVESTMENT MANAGERS

5.1.1 Appointment of Investment Manager(s). The Company shall have the right from time to time to appoint one or more properly qualified Investment Managers to direct the investment, in the manner provided in Article IV, of all or a portion of the Master Trust and shall, by written notice, advise the Trustee of such appointment and how the investment responsibility is to be divided with respect to the assets of the Master Trust. Any such Investment Manager shall be (i) registered as an investment advisor under the Investment Advisors Act of 1940, (ii) a bank, as defined in such Act, or (iii) an insurance company qualified to perform investment

management services under the laws of more than one State. If investment of the Master Trust is to be directed in whole or in part by an Investment Manager, the Trustee shall be given copies of the instrument(s) appointing the Investment Manager and evidencing his acceptance of such appointment and acknowledgment that he is a fiduciary of the Master Trust, the identity of person(s) authorized to give instructions to the Trustee on behalf of such Investment Manager, including specimen signatures, and a certificate evidencing the Investment Manager's registration under said Act (unless the Investment Manager is a bank or an insurance company). The Company reserves the right to revoke the appointment of any Investment Manager appointed by it and shall give notice in writing to the Trustee of any such revocation. The Trustee may continue to rely upon the instrument(s) and certificate appointing the Investment Manager until otherwise notified in writing.

5.1.2 Duties of Trustee. The Trustee shall follow the directions of the Investment Manager regarding the investment and reinvestment of the Master Trust, or such portion thereof as shall be under management by the Investment Manager, and shall be released and relieved of all investment duties, responsibilities and liabilities for or in respect of the investing of the Master Trust or portion thereof managed by the Investment Manager, as the case may be, and with respect to such portion or all of the assets of the Master Trust in that regard, shall act only as a custodian.

5.2.1 Direction by Investment Manager(s). An Investment Manager designated to manage the Master Trust or any portion thereof shall have authority to manage, and to direct the acquisition and disposition of the assets of the Master Trust, or such portion as the case may be, and with respect to such portion or all of the assets of the Master Trust, the Trustee shall exercise the powers set forth in Article IV hereof only when, if and in the manner directed by the Company in writing. An Investment Manager shall



have the power and authority, exercisable in its sole discretion at any time and from time to time, to issue and place orders for the purchase or sale of portfolio securities directly with qualified brokers or dealers. The Trustee, upon proper notification from an Investment Manager, shall settle and record the transaction in accordance with the appropriate trading authorizations. Written notification of the issuance of each such authorization shall be given promptly to the Trustee by an Investment Manager, and such Investment Manager shall cause the execution of such order to be confirmed in writing to the Trustee and to the Company by the broker or dealer. Upon written notification from the Company to the Trustee, such Investment Manager may cause brokers and dealers to confirm trades to the Trustee through the "Institutional Delivery System" and the Trustee shall be entitled to rely upon such confirmations to settle purchases or sales of securities. Such notification shall be proper authority for the Trustee to pay for portfolio securities purchased against receipt thereof and to deliver portfolio securities sold against payment therefor, as the case may be. All directions to the Trustee by an Investment Manager shall be given in writing, or given orally if followed immediately by written directions, and shall be signed by a person who has been specified by such Investment Manager pursuant to Section 5.1.1 hereof as authorized to give instructions or directions to the Trustee.

5.2.2 Supervision by Company. It shall be the sole responsibility of the Company to define the authority of an Investment Manager and the terms and conditions of the appointment and retention of such Investment Manager, and the Trustee shall not be deemed to be a party to or to have any obligations under any agreement with an Investment Manager. Any duty of supervision or review of the acts, omissions or overall performance of an Investment Manager shall be the exclusive responsibility of the Company, and the Trustee shall have no duty to review any securities or other assets

purchased by an Investment Manager, or to make suggestions to an Investment Manager or to the Company with respect to the exercise or nonexercise of any power by an Investment Manager.

5.2.3 Liability of Trustee. Unless the Trustee knowingly participates in, or knowingly undertakes to conceal, an act or omission of an Investment Manager, knowing such act or omission to be a breach of the fiduciary responsibility of an Investment Manager, the Trustee shall be under no liability for any loss of any kind which may result by reason of any action taken or not taken by it in accordance with any direction of an Investment Manager pursuant to this Agreement. With respect to any assets invested by an Investment Manager, the Trustee shall be under no liability for any loss of any kind by reason of Master Trust investments purchased, sold, or retained at the direction of such Investment Manager, nor for the risk of diversification or the turnover of the investments, nor for any other aspect of that portion of the Trust for which an Investment Manager has been appointed.

5.2.4 Trustee's Duties Upon Resignation of Investment Manager. In the event that an Investment Manager shall resign or be removed by the Company, or the Investment Manager's discretionary authority be terminated prior to such resignation or removal, upon the written direction of the Company, the Trustee shall manage the investment of that portion of the Master Trust for which such Investment Manager was responsible pursuant to Article IV unless and until it shall be notified of the appointment of another Investment Manager as provided in Section 5.1.1 hereof.

ARTICLE VI. DISTRIBUTIONS

6.1 Payment of Decommissioning Costs. Upon receipt of a Certificate from the Company directing payment of Decommissioning Costs, the Trustee shall make payments of Decommissioning Costs, to the extent of monies held in the Fund(s), to any person (including the Company) for goods provided

or labor or other services rendered in connection with the decommissioning of the Plant. The Trustee shall rely on the Company to determine that each such payment is a Decommissioning Cost.

6.2 Payment of Expenses of Administration. Upon receipt of a Certificate from the Company directing payment of administrative costs and other incidental expenses, the Trustee shall make payments, to the extent of monies held in the Funds, of administrative costs and other incidental expenses of the Master Trust within the meaning of Regulation 1.468A-5(a)(3)(ii) (including taxes, legal, accounting, actuarial expenses and trustee and investment manager fees) in connection with the operation of the Master Trust pursuant to this Agreement. All such administrative costs and incidental expenses of the Master Trust shall be charged proportionately among the Funds (based on the Fair Value of the assets of each Fund) unless otherwise directed by the Company. The Trustee shall maintain such records as are necessary to reflect the allocation of costs and expenses among the Funds in accordance with this Section 6.2. In the event that the assets of the Master Trust are insufficient for the Trustee to pay the administrative costs and incidental expenses of the Master Trust as they arise, the Company agrees to pay such costs and expenses to the appropriate payee(s) upon receipt of a written invoice for same from the Trustee or payee(s). Except for Trustee's fees and expenses, the Trustee shall rely on the Company to determine that each such payment is for such administrative costs and other incidental expenses.

6.3 Fees. The Trustee shall receive as exclusive compensation for its services those amounts specified in the fee schedule as may from time to time be agreed upon in writing by the Trustee and the Company. All such compensation shall constitute an obligation of the Master Trust until paid.

6.4 Liquidation of Investments. Except as otherwise provided in Article IV, at the direction of the Company or any Investment Manager, the Trustee shall sell or liquidate, within a reasonable time period, such investments in the Master Trust as may be requested or required in order to make any payment or distribution, and shall, until disbursement, restore the proceeds to the Master Trust.

ARTICLE VII. VOTING OF SECURITIES HELD IN TRUST

7.1 Voting of Securities Held in Trust. The Trustee shall have power in its discretion to exercise all voting rights with respect to any investment held in the Master Trust and to grant proxies, discretionary or otherwise, with respect thereto; provided, however, that at any time the Company may direct in writing the Trustee on how to vote such investments or direct in writing the Trustee to send to an Investment Manager acting as provided in Article V all or a portion of the proxies and proxy materials relating to such investments, signed by the Trustee without indication of voting preference and the Investment Manager shall exercise all voting rights with respect thereto.

ARTICLE VIII. GENERAL POWERS OF TRUSTEE

8.1 General Powers of Trustee. The Trustee shall have, with respect to the Master Trust, the following powers, all of which powers are exercisable in a fiduciary capacity and in the best interests of this Master Trust without court approval:

(a) Registration of Securities. To cause any investment to be registered and held in the name of one or more of its nominees, or one or more nominee of any system for the central handling of securities, without increase or decrease of liability;

(b) Collection of Money and Property. To collect and receive any and all money and other property due to the Master Trust and to give full discharge therefor;

(c) Extension of Obligations; Negotiation of Claims and Legal Proceedings. To renew or extend the time of payment of any obligation, secured or unsecured, payable to or by this Master Trust, for as long a period or periods of time and on such terms as the Trustee shall determine, and to adjust, settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Master Trust; to commence or defend suits or legal proceedings to protect any interest of the Master Trust; and to represent the Master Trust in all suits or legal proceedings in any court or before any other body or tribunal;

(d) Employment of Professional and Employee Services. To employ such attorneys, accountants, custodians, engineers, contractors, clerks, and agents, as are necessary and reasonable to carry out the purposes of this Master Trust;

(e) Delegation of Ministerial Powers. To delegate to other persons such ministerial powers and duties as the Trustee may deem to be advisable;

(f) Powers of Trustee to Continue Until Final Distribution. To exercise any of such powers after the date on which the principal and income of the Master Trust shall have become distributable and until such time as the entire principal of, and income from, the Master Trust shall have been actually distributed by the Trustee. It is intended that distribution of the Master Trust will occur as soon as possible upon termination of the Master Trust, subject, however, to the limitations contained in Article X hereof; and

(g) Discretion in Exercise of Powers. To do any and all other acts to effectuate the powers specifically conferred upon the Trustee by this Agreement; provided, however, that the Trustee may

not do any act or participate in any transaction in connection with this Master Trust which, in and of itself, and separate from any action of the Company actually known to the Trustee, the Trustee knew or reasonably should have known in the normal course of its business as Trustee would disqualify the Qualified Funds from the application of Section 468A of the Code or violate the terms (as interpreted for the Trustee by the Company) of any Order delivered to the Trustee, or violate the terms of this Agreement or any applicable law, regulation or ruling.

8.2 No Implied Duties. The Trustee shall have no duties or responsibilities with respect to the Master Trust which are not expressly set forth herein.

#### ARTICLE IX. TRUSTEES

9.1 Authority of Trustee. Persons dealing with the Trustee shall be under no obligation to see to the proper application of any money paid or property delivered to the Trustee or to inquire into the Trustee's authority as to any transaction.

9.2.1 Accounting and Reports. The Trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder, and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Company, and may be audited not more frequently than once in each fiscal year by an independent certified public accountant engaged by the Company. Within 15 days following the close of each month or during the period from the close of the last month to the date of termination of the Trustee's duties, the Trustee shall furnish to the Company a written report of its administration of the Master Trust from the date of the last such report setting forth all investments, receipts, disbursements and other transactions

effected during the month, containing descriptions of all securities purchased, sold or distributed and the cost or net proceeds of sale, and showing all cash, securities and other investments held at the end of such month and the cost and Fair Value of each item as of the last business day of such month, carried on the books of the Trustee. Such report shall include the portion of the assets allocated to each Qualified Fund and Nonqualified Fund, and shall identify all contributions, earnings, expenses and distributions of each Fund.

9.2.2 Exceptions to Reports by Company. Upon the expiration of three years from the date of filing such monthly report with the Company, the Trustee shall be forever released and discharged from all liability and accountability to the Company with respect to all acts and transactions done or effected by the Trustee shown in such monthly report, except such acts or transactions as to which the Company shall take exception by notice to the Trustee within such three-year period; provided, however, that nothing contained herein shall be deemed to relieve the Trustee of any liability which may be imposed pursuant to Section 9.4 hereof. In the event that any exception taken by the Company cannot be amicably adjusted, the Company may file the written report in a Court having jurisdiction and upon the audit thereof any and all such exceptions which may not have been amicably settled shall be heard and adjudicated. All records and accounts maintained by the Trustee with respect to the Master Trust shall be preserved for such period as may be required under any applicable law. Upon the expiration of any such required retention period, the Trustee shall have the right to destroy such records and accounts.

9.3 Tax Returns and Other Reports. The Company shall prepare and the Trustee shall execute, if acceptable to the Trustee, or with such changes as mutually agreed to by the parties, and timely file all federal,

state and local income or franchise tax returns or other reports (including estimated tax returns and information returns) as may be required from time to time with respect to the Funds, and the Trustee agrees to provide the Company in a timely manner with any information within its possession which is necessary to such filings and which is requested by the Company. The Company agrees to cause the Investment Manager(s) to provide the Trustee with any information in its possession which is necessary to such filings. Such returns shall be submitted to the Trustee for review 15 days prior to the due date of the returns (including extensions thereof). The Trustee shall prepare and submit to the Company in a timely manner all information within its possession which is requested by the Company regarding the Qualified Funds and Nonqualified Funds required to be included in the Company's Federal, state and local income tax returns or other reports. Subject to the limitations contained in Section 8.1(d) hereof and the consent of the Company, which will not be unreasonably withheld, the Trustee may employ independent certified public accountants or other tax counsel to review such returns and reports. The Trustee agrees to sign any tax returns or other reports where required by law to do so or arising out of the Trustee's responsibilities hereunder, and, as directed by the Company in accordance with Section 6.2, to remit from the Master Trust appropriate payments or deposits of federal, state and local income or franchise taxes directly to the taxing agencies or authorized depositaries in a timely manner. The Trustee shall furnish the Company copies of all executed tax returns or other reports within 10 days after the filing date of such returns and reports. Notwithstanding Section 9.4 hereof, any interest or penalty charges assessed against the Master Trust or any Fund pursuant to Chapters 67 or 68 of the Code, or pursuant to any similar state or local tax provisions, as a result of the Trustee's failure to comply with its duties under this Section 9.3 shall be borne by the Trustee and not the Master



Trust or the Funds. The Trustee agrees to immediately notify the Company in writing of the commencement of any audit or receipt of a notice of tax deficiency of the Master Trust or any of the Fund's federal, state, or local tax returns, and to participate with the Company on behalf of the Master Trust or the Funds in such audits, deficiencies and related inquiries. The Trustee further agrees to provide the Company with any additional information in its possession regarding the Qualified Funds or Nonqualified Funds which may be requested by the Company to be furnished in an audit of the Company's Federal, state, or local tax returns.

9.4 Liability of Trustee. The Trustee shall execute its powers and discharge its duties hereunder with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Trustee shall not be liable for any acts, omissions or defaults of any agent (other than its officers and employees) or depository appointed or selected with reasonable care or for any acts taken or not taken at the direction of or upon instructions from the Company, or instructions from an Investment Manager as set forth in Article V. The Trustee shall be liable for its own acts or omissions (and those of its officers and employees) occasioned by the willfulness or negligence of the Trustee (and of its officers and employees). The Trustee may consult with legal counsel of the Company, which may be an employee of the Company, and the advice or opinion of such counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel. Notwithstanding the foregoing, the Trustee (and not the Master Trust) shall be liable for any tax imposed upon the Trustee pursuant to Section 4951 of the

Code (or any applicable successor provision) as a result of its failure to perform its duties and obligations in accordance with this Agreement or as a result of any action undertaken by it which is unrelated to the administration of this Master Trust.

9.5 Certifications. Whenever in the performance of its duties hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certification as to such matter signed by any person authorized to act on behalf of the Company pursuant to Section 12.8 hereof.

9.6.1 Removal of Trustee by the Company. At any time during the term of this Master Trust, the Company shall have the right (at the Company's sole discretion) to remove the Trustee acting hereunder and appoint another qualified person or entity as Successor Trustee upon sixty (60) days' notice in writing to the Trustee or upon such shorter notice as may be acceptable to the Trustee. Notwithstanding the foregoing provision, in the event that the Trustee or any Successor Trustee shall (i) become insolvent or admit in writing its insolvency; (ii) be unable or admit in writing its inability to pay its debts as such debts mature; (iii) make a general assignment for the benefit of creditors; (iv) have an involuntary petition in bankruptcy filed against it; (v) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law, statute, or proceeding; (vi) breach its fiduciary obligations; or (vii) resign, the Company shall have the right to remove the Trustee immediately upon written notice and to appoint a Successor Trustee as soon as practicable. In the event of any such removal or resignation, the Trustee or Successor Trustee shall settle its accounts as provided in Section

9.2 hereof. Any successor to the Company shall have the same right to remove and to appoint any Trustee or Successor Trustee as provided herein.

9.6.2 Designation of Successor Trustee. Any Successor Trustee shall qualify by issuing a duly acknowledged written acceptance of this Master Trust, delivered to the Company and the Trustee. Upon acceptance of such appointment by the Successor Trustee, the Trustee shall assign, transfer and pay over to such Successor Trustee the monies and properties then constituting the Master Trust. The Trustee shall be entitled to receive any administrative expenses, costs, fees and other sums due and owing to it in accordance with the provisions of this Agreement. Any Successor Trustee shall have all the rights, powers, duties and obligations herein granted to the original Trustee. If for any reason the Company cannot or does not act in the event of the resignation or removal of the Trustee, as provided above, the Trustee may apply to a court of competent jurisdiction for the appointment of a Successor Trustee. Any expenses incurred by the Trustee in connection therewith shall be deemed to be an expense of administration payable in accordance with Section 6.2 hereof.

9.7 Resignation. The Trustee or any Successor Trustee hereof may resign and be relieved as Trustee at any time without prior application to or approval by or order of any court by a duly acknowledged instrument, which shall be delivered to the Company by the Trustee not less than sixty (60) days prior to the effective date of the Trustee's resignation or upon such shorter notice as may be acceptable to the Company.

9.8 Exoneration from Bond. No bond or other security shall be exacted or required of any Trustee appointed by this Agreement or pursuant to Section 9.6 in any jurisdiction.

ARTICLE X. TERMINATION

10.1 Termination of Master Trust in General. Except as otherwise provided in Section 10.2 and 10.3 hereof, this Master Trust shall terminate upon the earlier of: (i) the date that the maximum acceptable radioactivity levels mandated by the NRC with respect to Unit One and Unit Two are satisfied, as provided in the Company's written notice of same to the Trustee; or (ii) twenty-one (21) years after the death of the last survivor of the officers of the Company and such of their descendants as are in being at the effective date of this Agreement, as provided in the Company's written notice of same to the Trustee.

10.2 Termination of Qualified Funds Upon Disqualification. As provided in the Company's written notice to the Trustee, one or both of the Qualified Funds shall terminate upon the disqualification of such Qualified Fund(s) from the application of Section 468A of the Code, whether pursuant to an administrative action on the part of the Service or the decision of any court of competent jurisdiction, but in no event earlier than the date on which all available appeals have been either prosecuted or abandoned and the period of time for making any further appeals has elapsed.

10.3 Termination of Qualified Funds on Disposition of Plant. The applicable portion of the Qualified Funds specified in Treasury Regulations promulgated under Section 468A of the Code shall terminate upon the Company's disposition of any direct ownership interest in the Units, as provided in the Company's written notice of same to the Trustee.

10.4 Distribution of Master Trust Upon Termination. Upon termination of this Master Trust or any portion of the Qualified Fund(s), the Trustee or Investment Manager, as applicable, upon written direction of the Company, shall liquidate the assets of the Master Trust to the extent required for distribution and the Trustee shall distribute the net balance thereof

(less final administrative expenses and accrued taxes) to the Company or to such person(s) at such time and in such proportion and manner as may be directed by the Company or in the absence of such direction, as may be directed by a judgment or decree of a court of competent jurisdiction.

- ARTICLE XI. AMENDMENTS TO AGREEMENT

11.1 Amendments to Agreement. The Trustee and the Company agree to enter into such amendments to this Agreement as shall be deemed by them necessary or desirable (i) to effectuate the purposes of this Master Trust and to comply with any Order, any changes in tax laws, regulations or rulings (whether published or private) of the Service and any state or local taxing authority, and any other changes in the laws applicable to the Company or the Plant; and (ii) for any other purpose not inconsistent with applicable laws, rules, Orders or regulations or for the purpose of curing any ambiguity or defective or inconsistent provision herein contained; provided, however, that no such amendment or supplement shall modify the rights, duties or immunities of the Trustee or the Company without their written consent. The Trustee and the Company may alter or amend this Agreement to the extent necessary or advisable to effectuate such purposes or to comply with such Order or changes. The Trustee shall have no duty to inquire or make an investigation as to whether any proposed amendment, modification or alteration is consistent with this Section 11.1.

ARTICLE XII. MISCELLANEOUS

12.1 Governing Jurisdiction. The Master Trust is a Maryland trust and all questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of the State of Maryland to the extent not superseded by Federal law.

12.2 Headings. The article and section headings set forth in this Agreement and the Table of Contents are inserted for convenience of

reference only and shall be disregarded in the construction or interpretation of any of the provisions of this Agreement.

12.3 Particular Words. Any word contained in the text of this Agreement shall be read as the singular or plural and as the masculine, feminine or neuter as may be applicable or permissible in the particular context. Unless otherwise specifically stated, the word "person" shall be taken to mean and include an individual, partnership, association, trust, company or corporation.

12.4 Delivery of Notices Under Agreement. Any notice required by this Agreement to be given to the Company or the Trustee shall be deemed to have been properly given when mailed, postage prepaid, by registered or certified mail, to the person to be notified as set forth below:

If to the Company:

Baltimore Gas and Electric Company  
P. O. Box 1475  
Baltimore, Maryland 21203

Attention: Mr. Thomas F. Brady  
Vice President

If to the Trustee:

The First National Bank of Maryland  
P. O. Box 1596  
Baltimore, Maryland 21203

Attention: Mr. Edward F. Obaza  
Vice President

The Company and the Trustee may change the addresses above by delivering notice thereof in writing to the other party.

12.5 Successors and Assigns. Subject to the provisions of Sections 2.9 and 9.6, this Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors, assigns, personal representatives, executors and heirs.

12.6 Severability of Provisions. If any provision of this Agreement or its application to any person or entity or in any circumstances shall be invalid and unenforceable, the application of such provision to persons and in circumstances other than those as to which it is invalid or unenforceable and the other provisions of this Agreement shall not be affected by such invalidity or unenforceability.

12.7 Fiscal Year. The Master Trust shall operate on an accounting year which coincides with the calendar year, January 1 through and including December 31.

12.8 Authorization to Act on Behalf of the Company. The officers of the Company or their designees are authorized to act on behalf of the Company and to execute Certificate(s) substantially in the form of Exhibit A hereto and give directions to the Trustee on behalf of the Company. Until appropriate written evidence to the contrary is received by the Trustee, it shall be fully protected in relying upon and acting in accordance with any written notice, instruction, direction, certificate, resolution or other communication believed by it to be genuine and to be signed and/or certified by any officer of the Company or their designees, and the Trustee shall be under no duty to make any investigation or inquiry as to the truth or accuracy of any statement contained therein. Until notified in writing to the contrary, the Trustee shall have the right to assume that there has been no change in the authority of any officer of the Company or their designees.

12.9 Bank Holidays. Any action required to be taken by the Trustee on a Saturday, Sunday or legal bank holiday may be taken by the Trustee on the next business day without penalty to the Trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereunto affixed and attested as of the day and year first above written.

(SEAL)

ATTEST:

BALTIMORE GAS AND ELECTRIC COMPANY

C. W. Shivery  
C. W. Shivery  
Secretary

By T. F. Brady  
T. F. Brady  
Vice President

(SEAL)

ATTEST:

THE FIRST NATIONAL BANK OF MARYLAND

Marie L. Robinson

By Edward F. Obaza  
Edward F. Obaza  
Vice President

STATE OF MARYLAND }  
CITY OF BALTIMORE } ss:

On this 22nd day of November, in the year 1988, before me personally came T. F. Brady to me known, who, being by me duly sworn, did depose and say that he is Vice President of Baltimore Gas and Electric Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and, that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Marie L. Robinson  
Notary Public  
My Commission Expires: July 1, 1990.



STATE OF *Maryland* }  
CITY }  
COUNTY OF *Baltimore* } ss:

On this *21<sup>ST</sup>* day of November, in the year 1988, before me personally came Edward F. Obaza to me known, who being by me duly sworn, did depose and say that he is a Vice President of The First National Bank of Maryland, a national banking association organized and existing under the laws of the United States, the organization described in and which executed the above instrument; that he knows the seal of said organization; that the seal affixed to said instrument is such organization seal; that it was so affixed by authority of the Board of Directors of said organization; and, that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

 *Helen Thanner*  
Notary Public  
Commission Expires: *July 1, 1990*

CERTIFICATE NO.

The undersigned representative of Baltimore Gas and Electric Company (Company), a Maryland corporation being duly authorized and empowered to execute and deliver this Certificate, hereby certifies to the Trustee of the Baltimore Gas and Electric Company Master Decommissioning Trust (Master Trust), pursuant to Article VI of that certain Master Decommissioning Trust Agreement, dated \_\_\_\_\_ (Agreement), between the Trustee and the Company as follows:

(1) Exhibit 1 hereto sets forth the amounts either invoiced to, or incurred by, the Company that are due and owing to each payee listed (Payees) for:

(a) goods or services provided in connection with decommissioning the Plant, or

(b) administrative costs and other incidental expenses as provided in Section 6.2 of the Agreement.

as evidenced by the Invoice Schedule (with supporting exhibits) attached as Exhibit 1 hereto;

(2) all such amounts due and owing to the Payees constitute Decommissioning Costs or administrative expenses as described in Article VI of the Agreement;

(3) all such amounts may be paid from the Master Trust without causing the Qualified Fund(s) to become disqualified from the application of Code Section 468A or any applicable successor provision; and

(4) all conditions precedent to the making of this withdrawal and disbursement set forth in any agreement between such Payees and the Company, if applicable, have been fulfilled.

Accordingly, request is hereby made that the Trustee provide for the distribution of \$ \_\_\_\_\_ from the [Unit One/Unit Two] [Qualified Fund/Nonqualified Fund] of the Master Trust in order to permit payment of such

sum to be made to the Payees. You are further requested to disburse such sum, once withdrawn, directly to such Payees in the following manner: [DESCRIBE: CHECK, WIRE TRANSFER, ETC.] on or before \_\_\_\_\_, \_\_\_\_.

WITNESS my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

BALTIMORE GAS AND ELECTRIC COMPANY

By \_\_\_\_\_  
Duly Authorized Representative

Fee Schedule  
Master Decommissioning Trust Agreement  
Baltimore Gas and Electric Company

In accordance with the proposal dated September 30, 1988, and with Section 6.3 of the Master Decommissioning Trust Agreement for Calvert Cliffs Nuclear Power Plant, effective November 22, 1988, set forth below are the fees to be charged for Trustee services rendered. These fees are guaranteed for five years from the effective date of the Agreement. All fees shall be paid from the Master Trust in accordance with the Trust Agreement after receipt by the Company of an invoice detailing such fees incurred.

- |      |   |                    |
|------|---|--------------------|
| I.   | Annual Trust Fees<br>(fixed price per year)   | \$3,500            |
| II.  | Custodian Fees  |                    |
|      | 50 cents per \$1,000 on the first \$20 million<br>asset value   | (5 basis points)   |
|      | 40 cents per \$1,000 on the next \$30 million<br>asset value  | (4 basis points)   |
|      | 30 cents per \$1,000 on the next \$50 million<br>asset value  | (3 basis points)   |
| III. | Funds Disbursement Fees   |                    |
|      | There would be <u>no</u> funds disbursement fee for this relationship during the normal course of operation. Based on a review of the disbursement requirements at the time of decommissioning, an appropriate fee may be required. |                    |
| IV.  | Other Fees  |                    |
|      | Performance Measurement   | \$50 per report    |
|      | Wire Transfers (outgoing)   | \$14 each transfer |

In addition, there would be transaction fees for those portfolios not managed by Trustee pursuant to Article IV.

\$15 for each book-entry eligible transaction

\$20 for each transaction requiring settlement in physical form.

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Any reasonable out-of-pocket expenses, not customarily included in the Trustee's fees, incurred by the Trustee in the exercise of its responsibilities under the Trust Agreement shall be paid from the Master Trust in accordance with the Trust Agreement after receipt by the Company of an invoice detailing such expenses incurred.

In addition to the above fees, the Trustee when directed to exercise investment powers pursuant to Article IV shall be entitled to the following annual investment management fees:

.25% on the first \$10,000,000 of total market value

.20% on the excess

Accepted and Acknowledged By:

*T. F. Brady*  
T. F. Brady  
Vice President  
Baltimore Gas and Electric Company

November 22, 1988  
Date

*E. F. Obaza*  
E. F. Obaza  
Vice President  
First National Bank of Maryland

November 25, 1988  
Date