

EXELON CORP

Form 10-Q

August 02, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
<sup>x</sup> 1934

For the Quarterly Period Ended June 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
<sup>o</sup> 1934

| Commission File Number | Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number                                  | IRS Employer Identification Number |
|------------------------|---|------------------------------------|
| 1-16169                | EXELON CORPORATION<br>(a Pennsylvania corporation)<br>10 South Dearborn Street<br>P.O. Box 805379<br>Chicago, Illinois 60680-5379<br>(800) 483-3220             | 23-2990190                         |
| 333-85496              | EXELON GENERATION COMPANY, LLC<br>(a Pennsylvania limited liability company)<br>300 Exelon Way<br>Kennett Square, Pennsylvania 19348-2473<br>(610) 765-5959     | 23-3064219                         |
| 1-1839                 | COMMONWEALTH EDISON COMPANY<br>(an Illinois corporation)<br>440 South LaSalle Street<br>Chicago, Illinois 60605-1028<br>(312) 394-4321                          | 36-0938600                         |
| 000-16844              | PECO ENERGY COMPANY<br>(a Pennsylvania corporation)<br>P.O. Box 8699<br>2301 Market Street<br>Philadelphia, Pennsylvania 19101-8699<br>(215) 841-4000           | 23-0970240                         |
| 1-1910                 | BALTIMORE GAS AND ELECTRIC COMPANY<br>(a Maryland corporation)<br>2 Center Plaza<br>110 West Fayette Street<br>Baltimore, Maryland 21201-3708<br>(410) 234-5000 | 52-0280210                         |
| 001-31403              | PEPCO HOLDINGS LLC<br>(a Delaware limited liability company)  | 52-2297449                         |

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701 Ninth Street, N.W.  
Washington, District of Columbia 20068  
(202) 872-2000

|           |   |            |
|-----------|---|------------|
| 001-01072 | POTOMAC ELECTRIC POWER COMPANY<br>(a District of Columbia and Virginia corporation)<br>701 Ninth Street, N.W.<br>Washington, District of Columbia 20068<br>(202) 872-2000 | 53-0127880 |
| 001-01405 | DELMARVA POWER & LIGHT COMPANY<br>(a Delaware and Virginia corporation)<br>500 North Wakefield Drive<br>Newark, Delaware 19702<br>(202) 872-2000                          | 51-0084283 |
| 001-03559 | ATLANTIC CITY ELECTRIC COMPANY<br>(a New Jersey corporation)<br>500 North Wakefield Drive<br>Newark, Delaware 19702<br>(202) 872-2000                                     | 21-0398280 |

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
 Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                                    | Large Accelerated Filer             | Accelerated Filer | Non-accelerated Filer               | Smaller Reporting Company | Emerging Growth Company |
|------------------------------------|-------------------------------------|-------------------|-------------------------------------|---------------------------|-------------------------|
| Exelon Corporation                 | <input checked="" type="checkbox"/> |                   |                                     |                           |                         |
| Exelon Generation Company, LLC     |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| Commonwealth Edison Company        |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| PECO Energy Company                |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| Baltimore Gas and Electric Company |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| Pepco Holdings LLC                 |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| Potomac Electric Power Company     |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| Delmarva Power & Light Company     |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |
| Atlantic City Electric Company     |                                     |                   | <input checked="" type="checkbox"/> |                           |                         |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The number of shares outstanding of each registrant's common stock as of June 30, 2018 was:

|  |                |
|--|----------------|
| Exelon Corporation Common Stock, without par value                 | 965,906,701    |
| Exelon Generation Company, LLC                                     | not applicable |
| Commonwealth Edison Company Common Stock, \$12.50 par value        | 127,021,285    |
| PECO Energy Company Common Stock, without par value                | 170,478,507    |
| Baltimore Gas and Electric Company Common Stock, without par value | 1,000          |
| Pepco Holdings LLC   | not applicable |
| Potomac Electric Power Company Common Stock, \$0.01 par value      | 100            |
| Delmarva Power & Light Company Common Stock, \$2.25 par value      | 1,000          |
| Atlantic City Electric Company Common Stock, \$3.00 par value      | 8,546,017      |

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

|                              |   |
|------------------------------|---|
| Exelon                       | Exelon Corporation  |
| Generation                   | Exelon Generation Company, LLC  |
| ComEd                        | Commonwealth Edison Company   |
| PECO                         | PECO Energy Company   |
| BGE                          | Baltimore Gas and Electric Company  |
| Pepco Holdings or PHI        | Pepco Holdings LLC (formerly Pepco Holdings, Inc.)  |
| Pepco                        | Potomac Electric Power Company  |
| DPL                          | Delmarva Power & Light Company  |
| ACE                          | Atlantic City Electric Company  |
| Registrants                  | Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively   |
| Utility Registrants          | ComEd, PECO, BGE, Pepco, DPL and ACE, collectively  |
| Legacy PHI                   | PHI, Pepco, DPL and ACE, collectively   |
| ACE Funding or ATF           | Atlantic City Electric Transition Funding LLC   |
| Antelope Valley              | Antelope Valley Solar Ranch One   |
| BSC                          | Exelon Business Services Company, LLC   |
| CENG                         | Constellation Energy Nuclear Group, LLC   |
| Conectiv                     | Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE   |
| ConEdison Solutions          | The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc. |
| Constellation                | Constellation Energy Group, Inc.  |
| EEDC                         | Exelon Energy Delivery Company, LLC   |
| EGR IV                       | ExGen Renewables IV, LLC  |
| EGTP                         | ExGen Texas Power, LLC  |
| Entergy                      | Entergy Nuclear FitzPatrick, LLC  |
| Exelon Corporate             | Exelon in its corporate capacity as a holding company   |
| Exelon Transmission Company  | Exelon Transmission Company, LLC  |
| Exelon Wind                  | Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC   |
| FitzPatrick                  | James A. FitzPatrick nuclear generating station   |
| PCI                          | Potomac Capital Investment Corporation and its subsidiaries   |
| PEC L.P.                     | PECO Energy Capital, L.P.   |
| PECO Trust III               | PECO Capital Trust III  |
| PECO Trust IV                | PECO Energy Capital Trust IV  |
| Pepco Energy Services or PES | Pepco Energy Services, Inc. and its subsidiaries  |
| PHI Corporate                | PHI in its corporate capacity as a holding company  |
| PHISCO                       | PHI Service Company   |
| RPG                          | Renewable Power Generation  |
| SolGen                       | SolGen, LLC   |

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## GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

|  |  |
|--|--|
| TMI                                      | Three Mile Island nuclear facility   |
| UII                                      | Unicom Investments, Inc.   |
| Note “—” of the Exelon<br>2017 Form 10-K | Reference to specific Combined Note to Consolidated Financial Statements within Exelon’s<br>2017 Annual Report on Form 10-K  |
| AEC                                      | Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified<br>alternative energy source  |
| AESO                                     | Alberta Electric Systems Operator  |
| AFUDC                                    | Allowance for Funds Used During Construction   |
| AGE                                      | Albany Green Energy Project  |
| AMI                                      | Advanced Metering Infrastructure   |
| AMP                                      | Advanced Metering Program  |
| AOCI                                     | Accumulated Other Comprehensive Income   |
| ARC                                      | Asset Retirement Cost  |
| ARO                                      | Asset Retirement Obligation  |
| ARP                                      | Alternative Revenue Program  |
| BGS                                      | Basic Generation Service   |
| CAISO                                    | California Independent System Operator   |
| CAP                                      | Customer Assistance Program  |
| CCGTs                                    | Combined-Cycle Gas Turbines  |
| CERCLA                                   | Comprehensive Environmental Response, Compensation and Liability Act of 1980, as<br>amended  |
| CES                                      | Clean Energy Standard  |
| Clean Air Act                            | Clean Air Act of 1963, as amended  |
| Clean Water Act                          | Federal Water Pollution Control Amendments of 1972, as amended   |
| Conectiv Energy                          | Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to<br>Calpine in July 2010   |
| CSAPR                                    | Cross-State Air Pollution Rule   |
| D.C. Circuit Court                       | United States Court of Appeals for the District of Columbia Circuit  |
| DC PLUG                                  | District of Columbia Power Line Undergrounding Initiative  |
| DCPSC                                    | District of Columbia Public Service Commission   |
| Default Electricity<br>Supply            | The supply of electricity by PHI’s electric utility subsidiaries at regulated rates to retail<br>customers who do not elect to purchase electricity from a competitive supplier, and which,<br>depending on the jurisdiction, is also known as Standard Offer Service or Basic Generation<br>Service |
| DOE                                      | United States Department of Energy   |
| DOEE                                     | Department of Energy & Environment   |
| DOJ                                      | United States Department of Justice  |
| DPSC                                     | Delaware Public Service Commission   |
| DRP                                      | Direct Stock Purchase and Dividend Reinvestment Plan   |
| DSP                                      | Default Service Provider   |
| EDF                                      | Electricite de France SA and its subsidiaries  |



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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

|                                    |  |
|------------------------------------|--|
| EE&C                               | Energy Efficiency and Conservation/Demand Response   |
| EIMA                               | Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036) |
| EmPower                            | A Maryland demand-side management program for Pepco and DPL                                      |
| EPA                                | United States Environmental Protection Agency  |
| EPSA                               | Electric Power Supply Association  |
| ERCOT                              | Electric Reliability Council of Texas  |
| ERISA                              | Employee Retirement Income Security Act of 1974, as amended                                      |
| EROA                               | Expected Rate of Return on Assets  |
| ESPP                               | Employee Stock Purchase Plan   |
| FASB                               | Financial Accounting Standards Board   |
| FEJA                               | Illinois Public Act 99-0906 or Future Energy Jobs Act  |
| FERC                               | Federal Energy Regulatory Commission   |
| FRCC                               | Florida Reliability Coordinating Council   |
| GAAP                               | Generally Accepted Accounting Principles in the United States                                    |
| GCR                                | Gas Cost Rate  |
| GHG                                | Greenhouse Gas   |
| GSA                                | Generation Supply Adjustment   |
| GWh                                | Gigawatt hour  |
| IBEW                               | International Brotherhood of Electrical Workers  |
| ICC                                | Illinois Commerce Commission   |
| ICE                                | Intercontinental Exchange  |
| Illinois EPA                       | Illinois Environmental Protection Agency   |
| Illinois Settlement<br>Legislation | Legislation enacted in 2007 affecting electric utilities in Illinois                             |
| IPA                                | Illinois Power Agency  |
| IRC                                | Internal Revenue Code  |
| IRS                                | Internal Revenue Service   |
| ISO                                | Independent System Operator  |
| ISO-NE                             | Independent System Operator New England Inc.   |
| ISO-NY                             | Independent System Operator New York   |
| kV                                 | Kilovolt   |
| kW                                 | Kilowatt   |
| kWh                                | Kilowatt-hour  |
| LIBOR                              | London Interbank Offered Rate  |
| LLRW                               | Low-Level Radioactive Waste  |
| LT Plan                            | Long-term renewable resources procurement plan   |
| LTIP                               | Long-Term Incentive Plan   |
| MAPP                               | Mid-Atlantic Power Pathway   |
| MATS                               | U.S. EPA Mercury and Air Toxics Rule   |
| MBR                                | Market Based Rates Incentive   |

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## GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

|                                    |  |
|------------------------------------|--|
| MDE                                | Maryland Department of the Environment   |
| MDPSC                              | Maryland Public Service Commission   |
| MGP                                | Manufactured Gas Plant   |
| MISO                               | Midcontinent Independent System Operator, Inc.   |
| mmcf                               | Million Cubic Feet   |
| Moody's                            | Moody's Investor Service   |
| MOPR                               | Minimum Offer Price Rule   |
| MRV                                | Market-Related Value   |
| MW                                 | Megawatt   |
| MWh                                | Megawatt hour  |
| n.m.                               | not meaningful   |
| NAAQS                              | National Ambient Air Quality Standards   |
| NAV                                | Net Asset Value  |
| NDT                                | Nuclear Decommissioning Trust  |
| NEIL                               | Nuclear Electric Insurance Limited   |
| NERC                               | North American Electric Reliability Corporation  |
| NGS                                | Natural Gas Supplier   |
| NJBPU                              | New Jersey Board of Public Utilities   |
| NJDEP                              | New Jersey Department of Environmental Protection  |
| NLRB                               | National Labor Relations Board   |
| Non-Regulatory<br>Agreements Units | Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting |
| NOSA                               | Nuclear Operating Services Agreement   |
| NPDES                              | National Pollutant Discharge Elimination System  |
| NRC                                | Nuclear Regulatory Commission  |
| NSPS                               | New Source Performance Standards   |
| NUGs                               | Non-utility generators   |
| NWPA                               | Nuclear Waste Policy Act of 1982   |
| NYMEX                              | New York Mercantile Exchange   |
| NYPSC                              | New York Public Service Commission   |
| OCI                                | Other Comprehensive Income   |
| OIESO                              | Ontario Independent Electricity System Operator  |
| OPC                                | Office of People's Counsel   |
| OPEB                               | Other Postretirement Employee Benefits   |
| PA DEP                             | Pennsylvania Department of Environmental Protection  |
| PAPUC                              | Pennsylvania Public Utility Commission   |
| PGC                                | Purchased Gas Cost Clause  |
| PJM                                | PJM Interconnection, LLC   |
| POLR                               | Provider of Last Resort  |
| POR                                | Purchase of Receivables  |
| PPA                                | Power Purchase Agreement   |
| Price-Anderson Act                 | Price-Anderson Nuclear Industries Indemnity Act of 1957  |

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

|                            |  |
|----------------------------|--|
| PRP                        | Potentially Responsible Parties  |
| PSEG                       | Public Service Enterprise Group Incorporated   |
| PV                         | Photovoltaic   |
| RCRA                       | Resource Conservation and Recovery Act of 1976, as amended   |
| REC                        | Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source                                    |
| Regulatory Agreement Units | Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting |
| RES                        | Retail Electric Suppliers  |
| RFP                        | Request for Proposal   |
| Rider                      | Reconcilable Surcharge Recovery Mechanism  |
| RMC                        | Risk Management Committee  |
| ROE                        | Return on equity   |
| RPM                        | PJM Reliability Pricing Model  |
| RPS                        | Renewable Energy Portfolio Standards   |
| RSSA                       | Reliability Support Services Agreement   |
| RTEP                       | Regional Transmission Expansion Plan   |
| RTO                        | Regional Transmission Organization   |
| S&P                        | Standard & Poor's Ratings Services   |
| SEC                        | United States Securities and Exchange Commission   |
| SERC                       | SERC Reliability Corporation (formerly Southeast Electric Reliability Council)   |
| SILO                       | Sale-In, Lease-Out   |
| SNF                        | Spent Nuclear Fuel   |
| SOS                        | Standard Offer Service   |
| SPFPA                      | Security, Police and Fire Professionals of America   |
| SPP                        | Southwest Power Pool   |
| TCJA                       | Tax Cuts and Jobs Act  |
| Transition Bond Charge     | Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees      |
| Transition Bonds           | Transition Bonds issued by ACE Funding   |
| Upstream                   | Natural gas exploration and production activities  |
| VIE                        | Variable Interest Entity   |
| WECC                       | Western Electric Coordinating Council  |
| ZEC                        | Zero Emission Credit, or Zero Emission Certificate   |
| ZES                        | Zero Emission Standard   |

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**FILING FORMAT**

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION**

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2017 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23, Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

**WHERE TO FIND MORE INFORMATION**

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at [www.sec.gov](http://www.sec.gov) and the Registrants' websites at [www.exeloncorp.com](http://www.exeloncorp.com). Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

|  | Three Months |         | Six Months |         |
|--|--------------|---------|------------|---------|
|  | Ended        |         | Ended      |         |
|  | June 30,     |         | June 30,   |         |
| (In millions, except per share data)                                     | 2018         | 2017    | 2018       | 2017    |
| Operating revenues   |              |         |            |         |
| Competitive businesses revenues  | \$4,305      | \$3,950 | \$9,417    | \$8,500 |
| Rate-regulated utility revenues  | 3,797        | 3,657   | 8,368      | 7,776   |
| Revenues from alternative revenue programs                               | (26 )        | 58      | (16 )      | 137     |
| Total operating revenues   | 8,076        | 7,665   | 17,769     | 16,413  |
| Operating expenses   |              |         |            |         |
| Competitive businesses purchased power and fuel                          | 2,277        | 2,158   | 5,566      | 4,952   |
| Rate-regulated utility purchased power and fuel                          | 1,038        | 928     | 2,476      | 2,033   |
| Operating and maintenance  | 2,307        | 2,945   | 4,691      | 5,383   |
| Depreciation and amortization  | 1,088        | 915     | 2,179      | 1,811   |
| Taxes other than income  | 428          | 420     | 874        | 857     |
| Total operating expenses   | 7,138        | 7,366   | 15,786     | 15,036  |
| Gain on sales of assets and businesses                                   | 4            | 1       | 60         | 5       |
| Bargain purchase gain  | —            | —       | —          | 226     |
| Operating income   | 942          | 300     | 2,043      | 1,608   |
| Other income and (deductions)  |              |         |            |         |
| Interest expense, net  | (367 )       | (426 )  | (732 )     | (789 )  |
| Interest expense to affiliates   | (6 )         | (10 )   | (13 )      | (20 )   |
| Other, net   | 44           | 177     | 17         | 434     |
| Total other income and (deductions)                                      | (329 )       | (259 )  | (728 )     | (375 )  |
| Income before income taxes   | 613          | 41      | 1,315      | 1,233   |
| Income taxes   | 66           | (62 )   | 125        | 149     |
| Equity in losses of unconsolidated affiliates                            | (5 )         | (9 )    | (11 )      | (18 )   |
| Net income   | 542          | 94      | 1,179      | 1,066   |
| Net income (loss) attributable to noncontrolling interests               | 3            | (1 )    | 54         | (20 )   |
| Net income attributable to common shareholders                           | \$539        | \$95    | \$1,125    | \$1,086 |
| Comprehensive income, net of income taxes                                |              |         |            |         |
| Net income   | \$542        | \$94    | \$1,179    | \$1,066 |
| Other comprehensive income (loss), net of income taxes                   |              |         |            |         |
| Pension and non-pension postretirement benefit plans:                    |              |         |            |         |
| Prior service benefit reclassified to periodic benefit cost              | (17 )        | (14 )   | (33 )      | (28 )   |
| Actuarial loss reclassified to periodic benefit cost                     | 61           | 49      | 123        | 98      |
| Pension and non-pension postretirement benefit plan valuation adjustment | (1 )         | (2 )    | 18         | (58 )   |
| Unrealized gain (loss) on cash flow hedges                               | 4            | (1 )    | 12         | 5       |
| Unrealized gain on investments in unconsolidated affiliates              | 2            | —       | 3          | 3       |
| Unrealized (loss) gain on foreign currency translation                   | (5 )         | 2       | (6 )       | 3       |
| Unrealized gain on marketable securities                                 | —            | 1       | —          | 2       |
| Other comprehensive income (loss)  | 44           | 35      | 117        | 25      |
| Comprehensive income   | 586          | 129     | 1,296      | 1,091   |
| Comprehensive income (loss) attributable to noncontrolling interests     | 4            | (1 )    | 56         | (22 )   |

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|  |        |        |         |         |
|--|--------|--------|---------|---------|
| Comprehensive income attributable to common shareholders | \$582  | \$130  | \$1,240 | \$1,113 |
| Average shares of common stock outstanding:              |        |        |         |         |
| Basic  | 967    | 934    | 967     | 931     |
| Diluted  | 969    | 936    | 968     | 932     |
| Earnings per average common share:                       |        |        |         |         |
| Basic  | \$0.56 | \$0.10 | \$1.16  | \$1.17  |
| Diluted  | \$0.56 | \$0.10 | \$1.16  | \$1.17  |
| Dividends declared per common share                      | \$0.35 | \$0.33 | \$0.69  | \$0.66  |

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

|   | Six Months<br>Ended<br>June 30, |         |
|---|---------------------------------|---------|
| (In millions)   | 2018                            | 2017    |
| Cash flows from operating activities  |                                 |         |
| Net income  | \$1,179                         | \$1,066 |
| Adjustments to reconcile net income to net cash flows provided by operating activities:           |                                 |         |
| Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization | 3,000                           | 2,591   |
| Impairment of long-lived assets and losses on regulatory assets                                   | 41                              | 445     |
| Gain on sales of assets and businesses  | (60)                            | (5)     |
| Bargain purchase gain   | —                               | (226)   |
| Deferred income taxes and amortization of investment tax credits                                  | (2)                             | 113     |
| Net fair value changes related to derivatives   | 151                             | 230     |
| Net realized and unrealized losses (gains) on nuclear decommissioning trust fund investments      | 80                              | (284)   |
| Other non-cash operating activities   | 479                             | 415     |
| Changes in assets and liabilities:  |                                 |         |
| Accounts receivable   | (105)                           | 301     |
| Inventories   | 60                              | (23)    |
| Accounts payable and accrued expenses   | (342)                           | (810)   |
| Option premiums paid, net   | (36)                            | (8)     |
| Collateral received (posted), net   | 81                              | (173)   |
| Income taxes  | 129                             | 58      |
| Pension and non-pension postretirement benefit contributions                                      | (345)                           | (325)   |
| Other assets and liabilities  | (441)                           | (470)   |
| Net cash flows provided by operating activities   | 3,869                           | 2,895   |
| Cash flows from investing activities  |                                 |         |
| Capital expenditures  | (3,807)                         | (3,845) |
| Proceeds from nuclear decommissioning trust fund sales  | 3,822                           | 5,213   |
| Investment in nuclear decommissioning trust funds   | (3,924)                         | (5,339) |
| Acquisition of assets and businesses, net   | (57)                            | (212)   |
| Proceeds from sales of assets and businesses  | 89                              | 211     |
| Other investing activities  | 31                              | (9)     |
| Net cash flows used in investing activities   | (3,846)                         | (3,981) |
| Cash flows from financing activities  |                                 |         |
| Changes in short-term borrowings  | 200                             | 422     |
| Proceeds from short-term borrowings with maturities greater than 90 days                          | 126                             | 576     |
| Repayments on short-term borrowings with maturities greater than 90 days                          | (1)                             | (510)   |
| Issuance of long-term debt  | 1,488                           | 981     |
| Retirement of long-term debt  | (1,309)                         | (1,049) |
| Dividends paid on common stock  | (666)                           | (607)   |
| Common stock issued from treasury stock   | —                               | 1,150   |
| Proceeds from employee stock plans  | 27                              | 43      |
| Other financing activities  | (50)                            | (23)    |
| Net cash flows (used in) provided by financing activities   | (185)                           | 983     |
| Decrease in cash, cash equivalents and restricted cash  | (162)                           | (103)   |



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|   |         |       |
|---|---------|-------|
| Cash, cash equivalents and restricted cash at beginning of period | 1,190   | 914   |
| Cash, cash equivalents and restricted cash at end of period       | \$1,028 | \$811 |

See the Combined Notes to Consolidated Financial Statements

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Table of ContentsEXELON CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)                          | June 30,<br>2018 | December<br>31, 2017 |
|--|------------------|----------------------|
| <b>ASSETS</b>                          |                  |                      |
| Current assets                         |                  |                      |
| Cash and cash equivalents              | \$ 694           | \$ 898               |
| Restricted cash and cash equivalents   | 206              | 207                  |
| Accounts receivable, net               |                  |                      |
| Customer                               | 4,094            | 4,445                |
| Other                                  | 1,407            | 1,132                |
| Mark-to-market derivative assets       | 799              | 976                  |
| Unamortized energy contract assets     | 46               | 60                   |
| Inventories, net                       |                  |                      |
| Fossil fuel and emission allowances    | 270              | 340                  |
| Materials and supplies                 | 1,320            | 1,311                |
| Regulatory assets                      | 1,293            | 1,267                |
| Other                                  | 1,360            | 1,260                |
| Total current assets                   | 11,489           | 11,896               |
| Property, plant and equipment, net     | 75,284           | 74,202               |
| Deferred debits and other assets       |                  |                      |
| Regulatory assets                      | 8,023            | 8,021                |
| Nuclear decommissioning trust funds    | 13,110           | 13,272               |
| Investments                            | 636              | 640                  |
| Goodwill                               | 6,677            | 6,677                |
| Mark-to-market derivative assets       | 457              | 337                  |
| Unamortized energy contract assets     | 379              | 395                  |
| Other                                  | 1,194            | 1,330                |
| Total deferred debits and other assets | 30,476           | 30,672               |
| Total assets <sup>(a)</sup>            | \$ 117,249       | \$ 116,770           |

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

| (In millions)  | June 30,<br>2018 | December<br>31, 2017 |
|--|------------------|----------------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                  |                      |
| Current liabilities  |                  |                      |
| Short-term borrowings  | \$1,252          | \$929                |
| Long-term debt due within one year   | 1,158            | 2,088                |
| Accounts payable   | 3,113            | 3,532                |
| Accrued expenses   | 1,665            | 1,837                |
| Payables to affiliates   | 5                | 5                    |
| Regulatory liabilities   | 701              | 523                  |
| Mark-to-market derivative liabilities  | 268              | 232                  |
| Unamortized energy contract liabilities  | 171              | 231                  |
| Renewable energy credit obligation   | 257              | 352                  |
| PHI merger related obligation  | 63               | 87                   |
| Other  | 973              | 982                  |
| Total current liabilities  | 9,626            | 10,798               |
| Long-term debt   | 33,179           | 32,176               |
| Long-term debt to financing trusts   | 389              | 389                  |
| Deferred credits and other liabilities   |                  |                      |
| Deferred income taxes and unamortized investment tax credits   | 11,484           | 11,235               |
| Asset retirement obligations   | 10,222           | 10,029               |
| Pension obligations  | 3,412            | 3,736                |
| Non-pension postretirement benefit obligations   | 2,132            | 2,093                |
| Spent nuclear fuel obligation  | 1,157            | 1,147                |
| Regulatory liabilities   | 9,677            | 9,865                |
| Mark-to-market derivative liabilities  | 507              | 409                  |
| Unamortized energy contract liabilities  | 538              | 609                  |
| Other  | 2,087            | 2,097                |
| Total deferred credits and other liabilities   | 41,216           | 41,220               |
| Total liabilities <sup>(a)</sup>   | 84,410           | 84,583               |
| Commitments and contingencies  |                  |                      |
| Shareholders' equity   |                  |                      |
| Common stock (No par value, 2,000 shares authorized, 966 shares and 963 shares outstanding at June 30, 2018 and December 31, 2017, respectively) | 19,008           | 18,964               |
| Treasury stock, at cost (2 shares at June 30, 2018 and December 31, 2017)  | (123             | ) (123 )             |
| Retained earnings  | 14,551           | 14,081               |
| Accumulated other comprehensive loss, net  | (2,921           | ) (3,026 )           |
| Total shareholders' equity   | 30,515           | 29,896               |
| Noncontrolling interests   | 2,324            | 2,291                |
| Total equity   | 32,839           | 32,187               |
| Total liabilities and shareholders' equity   | \$117,249        | \$116,770            |

(a) Exelon's consolidated assets include \$9,612 million and \$9,597 million at June 30, 2018 and December 31, 2017, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include \$3,544 million and \$3,618 million at June 30, 2018 and December 31, 2017, respectively, of

certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(Unaudited)

| (In millions, shares<br>in thousands)  | Issued<br>Shares | Common<br>Stock | Treasury<br>Stock | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Loss, net | Noncontrolling<br>Interests | Total<br>Shareholders'<br>Equity |
|--|------------------|-----------------|-------------------|----------------------|--|-----------------------------|----------------------------------|
| Balance, December 31, 2017   | 965,168          | \$ 18,964       | \$ (123 )         | \$ 14,081            | \$ (3,026 )  | \$ 2,291                    | \$ 32,187                        |
| Net income   | —                | —               | —                 | 1,125                | —  | 54                          | 1,179                            |
| Long-term incentive plan activity  | 1,868            | 17              | —                 | —                    | —  | —                           | 17                               |
| Employee stock purchase plan<br>issuances  | 703              | 27              | —                 | —                    | —  | —                           | 27                               |
| Changes in equity of noncontrolling<br>interests   | —                | —               | —                 | —                    | —  | (23 )                       | (23 )                            |
| Common stock dividends   | —                | —               | —                 | (669 )               | —  | —                           | (669 )                           |
| Other comprehensive income, net of<br>income taxes   | —                | —               | —                 | —                    | 115  | 2                           | 117                              |
| Impact of adoption of Recognition and<br>Measurement of Financial Assets and<br>Liabilities standard | —                | —               | —                 | 14                   | (10 )  | —                           | 4                                |
| Balance, June 30, 2018   | 967,739          | \$ 19,008       | \$ (123 )         | \$ 14,551            | \$ (2,921 )  | \$ 2,324                    | \$ 32,839                        |

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

| (In millions)  | Three Months              |          | Six Months                |         |
|--|---------------------------|----------|---------------------------|---------|
|  | Ended<br>June 30,<br>2018 | 2017     | Ended<br>June 30,<br>2018 | 2017    |
| Operating revenues   |                           |          |                           |         |
| Operating revenues   | \$4,306                   | \$3,948  | \$9,419                   | \$8,495 |
| Operating revenues from affiliates                                   | 273                       | 268      | 671                       | 598     |
| Total operating revenues   | 4,579                     | 4,216    | 10,090                    | 9,093   |
| Operating expenses   |                           |          |                           |         |
| Purchased power and fuel   | 2,277                     | 2,156    | 5,566                     | 4,952   |
| Purchased power and fuel from affiliates                             | 3                         | 1        | 7                         | 3       |
| Operating and maintenance  | 1,247                     | 1,826    | 2,425                     | 3,138   |
| Operating and maintenance from affiliates                            | 171                       | 186      | 331                       | 365     |
| Depreciation and amortization  | 466                       | 334      | 914                       | 637     |
| Taxes other than income  | 134                       | 140      | 272                       | 282     |
| Total operating expenses   | 4,298                     | 4,643    | 9,515                     | 9,377   |
| Gain on sales of assets and businesses                               | 1                         | —        | 54                        | 4       |
| Bargain purchase gain  | —                         | —        | —                         | 226     |
| Operating income (loss)  | 282                       | (427 )   | 629                       | (54 )   |
| Other income and (deductions)  |                           |          |                           |         |
| Interest expense, net  | (93 )                     | (120 )   | (184 )                    | (209 )  |
| Interest expense to affiliates                                       | (9 )                      | (9 )     | (18 )                     | (19 )   |
| Other, net   | 29                        | 181      | (15 )                     | 440     |
| Total other income and (deductions)                                  | (73 )                     | 52       | (217 )                    | 212     |
| Income (loss) before income taxes                                    | 209                       | (375 )   | 412                       | 158     |
| Income taxes   | 23                        | (148 )   | 32                        | (25 )   |
| Equity in losses of unconsolidated affiliates                        | (5 )                      | (9 )     | (12 )                     | (19 )   |
| Net income (loss)  | 181                       | (236 )   | 368                       | 164     |
| Net income (loss) attributable to noncontrolling interests           | 3                         | (1 )     | 54                        | (20 )   |
| Net income (loss) attributable to membership interest                | \$178                     | \$(235 ) | \$314                     | \$184   |
| Comprehensive income, net of income taxes                            |                           |          |                           |         |
| Net income (loss)  | \$181                     | \$(236 ) | \$368                     | \$164   |
| Other comprehensive income (loss), net of income taxes               |                           |          |                           |         |
| Unrealized gain (loss) on cash flow hedges                           | 5                         | (1 )     | 12                        | 5       |
| Unrealized gain on investments in unconsolidated affiliates          | 2                         | —        | 3                         | 4       |
| Unrealized (loss) gain on foreign currency translation               | (5 )                      | 2        | (6 )                      | 3       |
| Other comprehensive income   | 2                         | 1        | 9                         | 12      |
| Comprehensive income (loss)  | 183                       | (235 )   | 377                       | 176     |
| Comprehensive income (loss) attributable to noncontrolling interests | 4                         | (1 )     | 56                        | (22 )   |
| Comprehensive income (loss) attributable to membership interest      | \$179                     | \$(234 ) | \$321                     | \$198   |

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

|   | Six Months<br>Ended<br>June 30, |         |
|---|---------------------------------|---------|
| (In millions)   | 2018                            | 2017    |
| Cash flows from operating activities  |                                 |         |
| Net income  | \$368                           | \$164   |
| Adjustments to reconcile net income to net cash flows provided by operating activities:           |                                 |         |
| Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization | 1,735                           | 1,415   |
| Impairment of long-lived assets   | 41                              | 445     |
| Gain on sales of assets and businesses  | (54 )                           | (4 )    |
| Bargain purchase gain   | —                               | (226 )  |
| Deferred income taxes and amortization of investment tax credits                                  | (149 )                          | (167 )  |
| Net fair value changes related to derivatives   | 158                             | 235     |
| Net realized and unrealized losses (gains) on nuclear decommissioning trust fund investments      | 80                              | (284 )  |
| Other non-cash operating activities   | 85                              | 121     |
| Changes in assets and liabilities:  |                                 |         |
| Accounts receivable   | 258                             | 151     |
| Receivables from and payables to affiliates, net  | 7                               | 8       |
| Inventories   | 34                              | (5 )    |
| Accounts payable and accrued expenses   | (272 )                          | (327 )  |
| Option premiums paid, net   | (36 )                           | (8 )    |
| Collateral received (posted), net   | 91                              | (163 )  |
| Income taxes  | 58                              | (99 )   |
| Pension and non-pension postretirement benefit contributions                                      | (129 )                          | (116 )  |
| Other assets and liabilities  | (212 )                          | (166 )  |
| Net cash flows provided by operating activities   | 2,063                           | 974     |
| Cash flows from investing activities  |                                 |         |
| Capital expenditures  | (1,298)                         | (1,189) |
| Proceeds from nuclear decommissioning trust fund sales  | 3,822                           | 5,213   |
| Investment in nuclear decommissioning trust funds   | (3,924)                         | (5,339) |
| Acquisition of assets and businesses, net   | (57 )                           | (212 )  |
| Proceeds from sales of assets and businesses  | 89                              | 210     |
| Changes in Exelon intercompany money pool   | (185 )                          | —       |
| Other investing activities  | 4                               | (32 )   |
| Net cash flows used in investing activities   | (1,549)                         | (1,349) |
| Cash flows from financing activities  |                                 |         |
| Changes in short-term borrowings  | —                               | (51 )   |
| Proceeds from short-term borrowings with maturities greater than 90 days                          | 1                               | 76      |
| Repayments of short-term borrowings with maturities greater than 90 days                          | (1 )                            | (10 )   |
| Issuance of long-term debt  | 13                              | 779     |
| Retirement of long-term debt  | (76 )                           | (295 )  |
| Changes in Exelon intercompany money pool   | (54 )                           | 196     |
| Distributions to member   | (377 )                          | (330 )  |
| Other financing activities  | (24 )                           | (7 )    |
| Net cash flows (used in) provided by financing activities   | (518 )                          | 358     |

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|   |       |       |
|---|-------|-------|
| Decrease in cash, cash equivalents and restricted cash            | (4 )  | (17 ) |
| Cash, cash equivalents and restricted cash at beginning of period | 554   | 448   |
| Cash, cash equivalents and restricted cash at end of period       | \$550 | \$431 |

See the Combined Notes to Consolidated Financial Statements

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Table of ContentsEXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)                          | June 30, December |           |
|--|-------------------|-----------|
|  | 2018              | 31, 2017  |
| <b>ASSETS</b>                          |                   |           |
| Current assets                         |                   |           |
| Cash and cash equivalents              | \$420             | \$ 416    |
| Restricted cash and cash equivalents   | 130               | 138       |
| Accounts receivable, net               |                   |           |
| Customer                               | 2,435             | 2,697     |
| Other                                  | 276               | 321       |
| Mark-to-market derivative assets       | 799               | 976       |
| Receivables from affiliates            | 146               | 140       |
| Unamortized energy contract assets     | 46                | 60        |
| Inventories, net                       |                   |           |
| Fossil fuel and emission allowances    | 214               | 264       |
| Materials and supplies                 | 953               | 937       |
| Other                                  | 1,148             | 933       |
| Total current assets                   | 6,567             | 6,882     |
| Property, plant and equipment, net     | 24,479            | 24,906    |
| Deferred debits and other assets       |                   |           |
| Nuclear decommissioning trust funds    | 13,110            | 13,272    |
| Investments                            | 423               | 433       |
| Goodwill                               | 47                | 47        |
| Mark-to-market derivative assets       | 457               | 334       |
| Prepaid pension asset                  | 1,522             | 1,502     |
| Unamortized energy contract assets     | 378               | 395       |
| Deferred income taxes                  | 6                 | 16        |
| Other                                  | 679               | 670       |
| Total deferred debits and other assets | 16,622            | 16,669    |
| Total assets <sup>(a)</sup>            | \$47,668          | \$ 48,457 |

See the Combined Notes to Consolidated Financial Statements

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Table of ContentsEXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)  | June 30,<br>2018 | December<br>31, 2017 |
|--|------------------|----------------------|
| <b>LIABILITIES AND EQUITY</b>                                |                  |                      |
| Current liabilities  |                  |                      |
| Short-term borrowings  | \$—              | \$2                  |
| Long-term debt due within one year                           | 321              | 346                  |
| Accounts payable   | 1,264            | 1,773                |
| Accrued expenses   | 976              | 1,022                |
| Payables to affiliates                                       | 128              | 123                  |
| Borrowings from Exelon intercompany money pool               | —                | 54                   |
| Mark-to-market derivative liabilities                        | 245              | 211                  |
| Unamortized energy contract liabilities                      | 36               | 43                   |
| Renewable energy credit obligation                           | 257              | 352                  |
| Other  | 295              | 265                  |
| Total current liabilities                                    | 3,522            | 4,191                |
| Long-term debt   | 7,661            | 7,734                |
| Long-term debt to affiliate                                  | 904              | 910                  |
| Deferred credits and other liabilities                       |                  |                      |
| Deferred income taxes and unamortized investment tax credits | 3,673            | 3,811                |
| Asset retirement obligations                                 | 10,037           | 9,844                |
| Non-pension postretirement benefit obligations               | 907              | 916                  |
| Spent nuclear fuel obligation                                | 1,157            | 1,147                |
| Payables to affiliates                                       | 2,916            | 3,065                |
| Mark-to-market derivative liabilities                        | 270              | 174                  |
| Unamortized energy contract liabilities                      | 34               | 48                   |
| Other  | 648              | 658                  |
| Total deferred credits and other liabilities                 | 19,642           | 19,663               |
| Total liabilities <sup>(a)</sup>                             | 31,729           | 32,498               |
| Commitments and contingencies                                |                  |                      |
| Equity   |                  |                      |
| Member's equity  |                  |                      |
| Membership interest  | 9,357            | 9,357                |
| Undistributed earnings                                       | 4,292            | 4,349                |
| Accumulated other comprehensive loss, net                    | (33 )            | (37 )                |
| Total member's equity  | 13,616           | 13,669               |
| Noncontrolling interests                                     | 2,323            | 2,290                |
| Total equity   | 15,939           | 15,959               |
| Total liabilities and equity                                 | \$47,668         | \$48,457             |

Generation's consolidated assets include \$9,575 million and \$9,556 million at June 30, 2018 and December 31, 2017, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's (a) consolidated liabilities include \$3,456 million and \$3,516 million at June 30, 2018 and December 31, 2017, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

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Table of ContentsEXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

| (In millions)   | Member's Equity      |                            | Accumulated                         |                             | Total<br>Equity |
|---|----------------------|----------------------------|-------------------------------------|-----------------------------|-----------------|
|   | Member's<br>Interest | Un-distributed<br>Earnings | Other<br>Comprehensive<br>Loss, net | Noncontrolling<br>Interests |                 |
| Balance, December 31, 2017  | \$9,357              | \$ 4,349                   | \$ (37 )                            | \$ 2,290                    | \$15,959        |
| Net income  | —                    | 314                        | —                                   | 54                          | 368             |
| Changes in equity of noncontrolling interests   | —                    | —                          | —                                   | (23 )                       | (23 )           |
| Distributions to member   | —                    | (377 )                     | —                                   | —                           | (377 )          |
| Other comprehensive income, net of income taxes   | —                    | —                          | 7                                   | 2                           | 9               |
| Impact of adoption of Recognition and Measurement of<br>Financial Assets and Liabilities standard | —                    | 6                          | (3 )                                | —                           | 3               |
| Balance, June 30, 2018  | \$9,357              | \$ 4,292                   | \$ (33 )                            | \$ 2,323                    | \$15,939        |

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Table of ContentsCOMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

| (In millions)                              | Three Months              |         | Six Months                |         |
|--|---------------------------|---------|---------------------------|---------|
|  | Ended<br>June 30,<br>2018 | 2017    | Ended<br>June 30,<br>2018 | 2017    |
| Operating revenues                         |                           |         |                           |         |
| Electric operating revenues                | \$1,410                   | \$1,336 | \$2,903                   | \$2,615 |
| Revenues from alternative revenue programs | (17 )                     | 18      | (12 )                     | 32      |
| Operating revenues from affiliates         | 5                         | 3       | 19                        | 9       |
| Total operating revenues                   | 1,398                     | 1,357   | 2,910                     | 2,656   |
| Operating expenses                         |                           |         |                           |         |
| Purchased power                            | 373                       | 360     | 784                       | 689     |
| Purchased power from affiliate             | 104                       | 18      | 298                       | 24      |
| Operating and maintenance                  | 255                       | 312     | 509                       | 620     |
| Operating and maintenance from affiliate   | 69                        | 65      | 129                       | 127     |
| Depreciation and amortization              | 231                       | 211     | 459                       | 419     |
| Taxes other than income                    | 79                        | 72      | 156                       | 144     |
| Total operating expenses                   | 1,111                     | 1,038   | 2,335                     | 2,023   |
| Gain on sales of assets                    | 1                         | —       | 5                         | —       |
| Operating income                           | 288                       | 319     | 580                       | 633     |
| Other income and (deductions)              |                           |         |                           |         |
| Interest expense, net                      | (82 )                     | (98 )   | (168 )                    | (179 )  |
| Interest expense to affiliates             | (3 )                      | (3 )    | (7 )                      | (6 )    |
| Other, net                                 | 4                         | 4       | 12                        | 8       |
| Total other income and (deductions)        | (81 )                     | (97 )   | (163 )                    | (177 )  |
| Income before income taxes                 | 207                       | 222     | 417                       | 456     |
| Income taxes                               | 43                        | 104     | 88                        | 197     |
| Net income                                 | \$164                     | \$118   | \$329                     | \$259   |
| Comprehensive income                       | \$164                     | \$118   | \$329                     | \$259   |

See the Combined Notes to Consolidated Financial Statements

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Table of ContentsCOMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

|   | Six Months<br>Ended<br>June 30, |         |
|---|---------------------------------|---------|
| (In millions)   | 2018                            | 2017    |
| Cash flows from operating activities  |                                 |         |
| Net income  | \$ 329                          | \$ 259  |
| Adjustments to reconcile net income to net cash flows provided by operating activities: |                                 |         |
| Depreciation and amortization   | 459                             | 419     |
| Deferred income taxes and amortization of investment tax credits                        | 84                              | 235     |
| Other non-cash operating activities   | 117                             | 58      |
| Changes in assets and liabilities:  |                                 |         |
| Accounts receivable   | (133 )                          | 12      |
| Receivables from and payables to affiliates, net  | 15                              | (4 )    |
| Inventories   | 5                               | (2 )    |
| Accounts payable and accrued expenses   | (41 )                           | (182 )  |
| Collateral posted, net  | (13 )                           | (8 )    |
| Income taxes  | (15 )                           | 4       |
| Pension and non-pension postretirement benefit contributions                            | (39 )                           | (37 )   |
| Other assets and liabilities  | (166 )                          | 34      |
| Net cash flows provided by operating activities   | 602                             | 788     |
| Cash flows from investing activities  |                                 |         |
| Capital expenditures  | (1,026)                         | (1,168) |
| Other investing activities  | 17                              | 12      |
| Net cash flows used in investing activities   | (1,009)                         | (1,156) |
| Cash flows from financing activities  |                                 |         |
| Changes in short-term borrowings  | 320                             | 389     |
| Issuance of long-term debt  | 800                             | —       |
| Retirement of long-term debt  | (700 )                          | —       |
| Contributions from parent   | 225                             | 184     |
| Dividends paid on common stock  | (229 )                          | (211 )  |
| Other financing activities  | (10 )                           | (1 )    |
| Net cash flows provided by financing activities   | 406                             | 361     |
| Decrease in cash, cash equivalents and restricted cash                                  | (1 )                            | (7 )    |
| Cash, cash equivalents and restricted cash at beginning of period                       | 144                             | 58      |
| Cash, cash equivalents and restricted cash at end of period                             | \$ 143                          | \$ 51   |

See the Combined Notes to Consolidated Financial Statements

Table of ContentsCOMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)                          | June 30, December |           |
|--|-------------------|-----------|
|  | 2018              | 31, 2017  |
| <b>ASSETS</b>                          |                   |           |
| Current assets                         |                   |           |
| Cash and cash equivalents              | \$30              | \$ 76     |
| Restricted cash                        | 5                 | 5         |
| Accounts receivable, net               |                   |           |
| Customer                               | 579               | 559       |
| Other                                  | 376               | 266       |
| Receivables from affiliates            | 21                | 13        |
| Inventories, net                       | 146               | 152       |
| Regulatory assets                      | 237               | 225       |
| Other                                  | 86                | 68        |
| Total current assets                   | 1,480             | 1,364     |
| Property, plant and equipment, net     | 21,323            | 20,723    |
| Deferred debits and other assets       |                   |           |
| Regulatory assets                      | 1,134             | 1,054     |
| Investments                            | 6                 | 6         |
| Goodwill                               | 2,625             | 2,625     |
| Receivables from affiliates            | 2,430             | 2,528     |
| Prepaid pension asset                  | 1,130             | 1,188     |
| Other                                  | 318               | 238       |
| Total deferred debits and other assets | 7,643             | 7,639     |
| Total assets                           | \$30,446          | \$ 29,726 |

See the Combined Notes to Consolidated Financial Statements

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Table of ContentsCOMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)  | June 30,<br>2018 | December<br>31, 2017 |
|--|------------------|----------------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                  |                  |                      |
| Current liabilities  |                  |                      |
| Short-term borrowings  | \$320            | \$—                  |
| Long-term debt due within one year                           | 440              | 840                  |
| Accounts payable   | 547              | 568                  |
| Accrued expenses   | 285              | 327                  |
| Payables to affiliates                                       | 97               | 74                   |
| Customer deposits  | 111              | 112                  |
| Regulatory liabilities                                       | 287              | 249                  |
| Mark-to-market derivative liability                          | 23               | 21                   |
| Other  | 81               | 103                  |
| Total current liabilities                                    | 2,191            | 2,294                |
| Long-term debt   | 7,255            | 6,761                |
| Long-term debt to financing trust                            | 205              | 205                  |
| Deferred credits and other liabilities                       |                  |                      |
| Deferred income taxes and unamortized investment tax credits | 3,597            | 3,469                |
| Asset retirement obligations                                 | 111              | 111                  |
| Non-pension postretirement benefits obligations              | 210              | 219                  |
| Regulatory liabilities                                       | 6,221            | 6,328                |
| Mark-to-market derivative liability                          | 229              | 235                  |
| Other  | 560              | 562                  |
| Total deferred credits and other liabilities                 | 10,928           | 10,924               |
| Total liabilities  | 20,579           | 20,184               |
| Commitments and contingencies                                |                  |                      |
| Shareholders' equity   |                  |                      |
| Common stock   | 1,588            | 1,588                |
| Other paid-in capital  | 7,047            | 6,822                |
| Retained deficit unappropriated                              | (1,639 )         | (1,639 )             |
| Retained earnings appropriated                               | 2,871            | 2,771                |
| Total shareholders' equity                                   | 9,867            | 9,542                |
| Total liabilities and shareholders' equity                   | \$30,446         | \$29,726             |

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Table of ContentsCOMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(Unaudited)

| (In millions)   | Common<br>Stock | Other<br>Paid-In<br>Capital | Retained<br>Deficit<br>Unappropriated | Retained<br>Earnings<br>Appropriated | Total<br>Shareholders'<br>Equity |
|---|-----------------|-----------------------------|---------------------------------------|--------------------------------------|----------------------------------|
| Balance, December 31, 2017                              | \$ 1,588        | \$6,822                     | \$ (1,639 )                           | \$ 2,771                             | \$ 9,542                         |
| Net income  | —               | —                           | 329                                   | —                                    | 329                              |
| Appropriation of retained earnings for future dividends | —               | —                           | (329 )                                | 329                                  | —                                |
| Common stock dividends                                  | —               | —                           | —                                     | (229 )                               | (229 )                           |
| Contributions from parent                               | —               | 225                         | —                                     | —                                    | 225                              |
| Balance, June 30, 2018                                  | \$ 1,588        | \$7,047                     | \$ (1,639 )                           | \$ 2,871                             | \$ 9,867                         |

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

| (In millions)                              | Three<br>Months<br>Ended<br>June 30, |       | Six Months<br>Ended<br>June 30, |         |
|--|--------------------------------------|-------|---------------------------------|---------|
|  | 2018                                 | 2017  | 2018                            | 2017    |
| Operating revenues                         |                                      |       |                                 |         |
| Electric operating revenues                | \$556                                | \$548 | \$1,189                         | \$1,138 |
| Natural gas operating revenues             | 93                                   | 80    | 325                             | 285     |
| Revenues from alternative revenue programs | 2                                    | —     | 1                               | —       |
| Operating revenues from affiliates         | 2                                    | 2     | 3                               | 3       |
| Total operating revenues                   | 653                                  | 630   | 1,518                           | 1,426   |
| Operating expenses                         |                                      |       |                                 |         |
| Purchased power                            | 161                                  | 136   | 361                             | 292     |
| Purchased fuel                             | 37                                   | 27    | 134                             | 113     |
| Purchased power from affiliate             | 24                                   | 34    | 60                              | 79      |
| Operating and maintenance                  | 153                                  | 153   | 387                             | 326     |
| Operating and maintenance from affiliates  | 38                                   | 37    | 79                              | 72      |
| Depreciation and amortization              | 74                                   | 71    | 149                             | 141     |
| Taxes other than income                    | 39                                   | 35    | 79                              | 74      |
| Total operating expenses                   | 526                                  | 493   | 1,249                           | 1,097   |
| Operating income                           | 127                                  | 137   | 269                             | 329     |
| Other income and (deductions)              |                                      |       |                                 |         |
| Interest expense, net                      | (28 )                                | (28 ) | (57 )                           | (56 )   |
| Interest expense to affiliates             | (4 )                                 | (3 )  | (7 )                            | (6 )    |
| Other, net                                 | —                                    | 2     | 2                               | 3       |
| Total other income and (deductions)        | (32 )                                | (29 ) | (62 )                           | (59 )   |
| Income before income taxes                 | 95                                   | 108   | 207                             | 270     |
| Income taxes                               | (1 )                                 | 20    | (3 )                            | 55      |
| Net income                                 | \$96                                 | \$88  | \$210                           | \$215   |
| Comprehensive income                       | \$96                                 | \$88  | \$210                           | \$215   |

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

|   | Six Months<br>Ended<br>June 30, |        |
|---|---------------------------------|--------|
| (In millions)   | 2018                            | 2017   |
| Cash flows from operating activities  |                                 |        |
| Net income  | \$210                           | \$215  |
| Adjustments to reconcile net income to net cash flows provided by operating activities: |                                 |        |
| Depreciation and amortization   | 149                             | 141    |
| Deferred income taxes and amortization of investment tax credits                        | (10 )                           | 39     |
| Other non-cash operating activities   | 22                              | 22     |
| Changes in assets and liabilities:  |                                 |        |
| Accounts receivable   | (43 )                           | 26     |
| Receivables from and payables to affiliates, net  | (4 )                            | (10 )  |
| Inventories   | 4                               | 7      |
| Accounts payable and accrued expenses   | (18 )                           | (30 )  |
| Income taxes  | 19                              | 51     |
| Pension and non-pension postretirement benefit contributions                            | (25 )                           | (23 )  |
| Other assets and liabilities  | (50 )                           | (70 )  |
| Net cash flows provided by operating activities   | 254                             | 368    |
| Cash flows from investing activities  |                                 |        |
| Capital expenditures  | (411 )                          | (367 ) |
| Changes in Exelon intercompany money pool   | —                               | 121    |
| Other investing activities  | 5                               | 4      |
| Net cash flows used in investing activities   | (406 )                          | (242 ) |
| Cash flows from financing activities  |                                 |        |
| Changes in short-term borrowings  | 50                              | —      |
| Issuance of long-term debt  | 375                             | —      |
| Retirement of long-term debt  | (500 )                          | —      |
| Changes in Exelon intercompany money pool   | 233                             | —      |
| Contributions from parent   | 41                              | —      |
| Dividends paid on common stock  | (293 )                          | (144 ) |
| Other financing activities  | (6 )                            | —      |
| Net cash flows used in financing activities   | (100 )                          | (144 ) |
| Decrease in cash, cash equivalents and restricted cash                                  | (252 )                          | (18 )  |
| Cash, cash equivalents and restricted cash at beginning of period                       | 275                             | 67     |
| Cash, cash equivalents and restricted cash at end of period                             | \$23                            | \$49   |

See the Combined Notes to Consolidated Financial Statements

Table of ContentsPECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)                          | June 30, December |           |
|--|-------------------|-----------|
|  | 2018              | 31, 2017  |
| <b>ASSETS</b>                          |                   |           |
| Current assets                         |                   |           |
| Cash and cash equivalents              | \$ 18             | \$ 271    |
| Restricted cash and cash equivalents   | 5                 | 4         |
| Accounts receivable, net               |                   |           |
| Customer                               | 285               | 327       |
| Other                                  | 178               | 105       |
| Receivable from affiliates             | —                 | —         |
| Inventories, net                       |                   |           |
| Fossil fuel                            | 24                | 31        |
| Materials and supplies                 | 33                | 30        |
| Prepaid utility taxes                  | 72                | 8         |
| Regulatory assets                      | 75                | 29        |
| Other                                  | 25                | 17        |
| Total current assets                   | 715               | 822       |
| Property, plant and equipment, net     | 8,307             | 8,053     |
| Deferred debits and other assets       |                   |           |
| Regulatory assets                      | 427               | 381       |
| Investments                            | 25                | 25        |
| Receivable from affiliates             | 485               | 537       |
| Prepaid pension asset                  | 355               | 340       |
| Other                                  | 31                | 12        |
| Total deferred debits and other assets | 1,323             | 1,295     |
| Total assets                           | \$ 10,345         | \$ 10,170 |

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Table of ContentsPECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions)  | June 30,<br>2018 | December<br>31, 2017 |
|--|------------------|----------------------|
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>                  |                  |                      |
| Current liabilities  |                  |                      |
| Short-term borrowings  | \$50             | \$ —                 |
| Long-term debt due within one year                           | —                | 500                  |
| Accounts payable   | 349              | 370                  |
| Accrued expenses   | 118              | 114                  |
| Payables to affiliates                                       | 48               | 53                   |
| Borrowings from Exelon intercompany money pool               | 233              | —                    |
| Customer deposits  | 67               | 66                   |
| Regulatory liabilities                                       | 168              | 141                  |
| Other  | 32               | 23                   |
| Total current liabilities                                    | 1,065            | 1,267                |
| Long-term debt   | 2,773            | 2,403                |
| Long-term debt to financing trusts                           | 184              | 184                  |
| Deferred credits and other liabilities                       |                  |                      |
| Deferred income taxes and unamortized investment tax credits | 1,854            | 1,789                |
| Asset retirement obligations                                 | 27               | 27                   |
| Non-pension postretirement benefits obligations              | 288              | 288                  |
| Regulatory liabilities                                       | 545              | 549                  |
| Other  | 74               | 86                   |
| Total deferred credits and other liabilities                 | 2,788            | 2,739                |
| Total liabilities  | 6,810            | 6,593                |
| Commitments and contingencies                                |                  |                      |
| Shareholder's equity   |                  |                      |
| Common stock   | 2,530            | 2,489                |
| Retained earnings  | 1,005            | 1,087                |
| Accumulated other comprehensive income, net                  | —                | 1                    |
| Total shareholder's equity                                   | 3,535            | 3,577                |
| Total liabilities and shareholder's equity                   | \$10,345         | \$10,170             |

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
(Unaudited)

| (In millions)   | Common<br>Stock | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income, net | Total<br>Shareholder's<br>Equity |
|---|-----------------|----------------------|--|----------------------------------|
| Balance, December 31, 2017  | \$ 2,489        | \$ 1,087             | \$ 1   | \$ 3,577                         |
| Net income  | —               | 210                  | —  | 210                              |
| Common stock dividends  | —               | (293 )               | —  | (293 )                           |
| Contributions from parent   | 41              | —                    | —  | 41                               |
| Impact of adoption of Recognition and Measurement of Financial<br>Assets and Liabilities standard | —               | 1                    | (1 )   | —                                |
| Balance, June 30, 2018  | \$ 2,530        | \$ 1,005             | \$ —   | \$ 3,535                         |

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

| (In millions)                              | Three<br>Months<br>Ended<br>June 30, |       | Six Months<br>Ended<br>June 30, |         |
|--|--------------------------------------|-------|---------------------------------|---------|
|  | 2018                                 | 2017  | 2018                            | 2017    |
| Operating revenues                         |                                      |       |                                 |         |
| Electric operating revenues                | \$542                                | \$545 | \$1,196                         | \$1,186 |
| Natural gas operating revenues             | 118                                  | 94    | 448                             | 365     |
| Revenues from alternative revenue programs | (4 )                                 | 32    | (17 )                           | 66      |
| Operating revenues from affiliates         | 6                                    | 3     | 12                              | 8       |
| Total operating revenues                   | 662                                  | 674   | 1,639                           | 1,625   |
| Operating expenses                         |                                      |       |                                 |         |
| Purchased power                            | 135                                  | 115   | 327                             | 248     |
| Purchased fuel                             | 32                                   | 22    | 155                             | 105     |
| Purchased power from affiliate             | 62                                   | 97    | 127                             | 231     |
| Operating and maintenance                  | 135                                  | 135   | 318                             | 284     |
| Operating and maintenance from affiliates  | 41                                   | 39    | 79                              | 73      |
| Depreciation and amortization              | 114                                  | 112   | 248                             | 239     |
| Taxes other than income                    | 59                                   | 56    | 124                             | 119     |
| Total operating expenses                   | 578                                  | 576   | 1,378                           | 1,299   |
| Gain on sales of assets                    | 1                                    | —     | 1                               | —       |
| Operating income                           | 85                                   | 98    | 262                             | 326     |
| Other income and (deductions)              |                                      |       |                                 |         |
| Interest expense, net                      | (25 )                                | (22 ) |                                 |         |