

EXELON Corp

Form 10-Q

May 02, 2019

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  
 1934

For the Quarterly Period Ended March 31, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
 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 (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (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 (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
EXELON CORPORATION;		
Common Stock, without par value	EXC	New York and Chicago
Series A Junior Debt Subordinated Debentures	EXC22	New York
PECO ENERGY COMPANY:		
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, \$25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	EXC/28	New York

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 ☒

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The number of shares outstanding of each registrant's common stock as of March 31, 2019 was:

Exelon Corporation Common Stock, without par value	970,954,879
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, \$12.50 par value	127,021,331
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
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
Constellation	Constellation Energy Group, Inc.
EGR IV	ExGen Renewables IV, LLC
EGRP	ExGen Renewables Partners, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
FitzPatrick	James A. FitzPatrick nuclear generating station
PCI	Potomac Capital Investment Corporation and its subsidiaries
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
SolGen	SolGen, LLC
TMI	Three Mile Island nuclear facility



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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

Note "—" of the 2018 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2018 Annual Report on Form 10-K
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
CAISO	California Independent System Operator
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
CODM	Chief operating decision maker(s)
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
DOE	United States Department of Energy
DOEE	Department of Energy & Environment
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DSP	Default Service Provider
EDF	Electricite de France SA and its subsidiaries
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
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
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement 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
LIBOR	London Interbank Offered Rate
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
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
MW	Megawatt
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
NJBPU	New Jersey Board of Public Utilities
NLRB	National Labor Relations Board
Non-Regulatory 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
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
Oyster Creek	Oyster Creek Generating Station
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC

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## GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and  
Abbreviations

POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
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
Rider	Reconcilable Surcharge Recovery Mechanism
RMC	Risk Management Committee
ROE	Return on equity
ROU	Right-of-use
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
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)
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
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 2018 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 22, 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 16, 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 SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information that the Registrants file electronically with the SEC. These documents are also available to the public from commercial document retrieval services and the Registrants' website at [www.exeloncorp.com](http://www.exeloncorp.com). Information contained on the Registrants' website 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 Ended March 31,	
(In millions, except per share data)	2019	2018
Operating revenues		
Competitive businesses revenues	\$4,979	\$5,113
Rate-regulated utility revenues	4,503	4,570
Revenues from alternative revenue programs	(5 )	10
Total operating revenues	9,477	9,693
Operating expenses		
Competitive businesses purchased power and fuel	3,204	3,289
Rate-regulated utility purchased power and fuel	1,349	1,438
Operating and maintenance	2,189	2,384
Depreciation and amortization	1,075	1,091
Taxes other than income	445	446
Total operating expenses	8,262	8,648
Gain on sales of assets and businesses	3	56
Operating income	1,218	1,101
Other income and (deductions)		
Interest expense, net	(397 )	(365 )
Interest expense to affiliates	(6 )	(6 )
Other, net	467	(28 )
Total other income and (deductions)	64	(399 )
Income before income taxes	1,282	702
Income taxes	310	59
Equity in losses of unconsolidated affiliates	(6 )	(7 )
Net income	966	636
Net income attributable to noncontrolling interests	59	51
Net income attributable to common shareholders	\$907	\$585
Comprehensive income, net of income taxes		
Net income	\$966	\$636
Other comprehensive (loss) income, net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	(16 )	(17 )
Actuarial loss reclassified to periodic benefit cost	36	61
Pension and non-pension postretirement benefit plan valuation adjustment	(38 )	18
Unrealized gain on cash flow hedges	—	8
Unrealized (loss) gain on investments in unconsolidated affiliates	(2 )	1
Unrealized gain on foreign currency translation	2	1
Other comprehensive (loss) income	(18 )	72
Comprehensive income	948	708
Comprehensive income attributable to noncontrolling interests	58	52
Comprehensive income attributable to common shareholders	\$890	\$656

Average shares of common stock outstanding:

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Basic	971	966
Assumed exercise and/or distributions of stock-based awards	1	2
Diluted <sup>(a)</sup>	972	968

Earnings per average common share:

Basic	\$0.93	\$0.61
Diluted	\$0.93	\$0.60

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The number of stock options not included in the calculation of diluted common shares outstanding due to their (a)antidilutive effect was immaterial for the three months ended March 31, 2019 and approximately 5 million for the three months ended March 31, 2018.

See the Combined Notes to Consolidated Financial Statements

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

	Three Months Ended March 31,	
(In millions)	2019	2018
Cash flows from operating activities		
Net income	\$966	\$636
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	1,460	1,501
Impairment of long-lived assets	7	—
Gain on sales of assets and businesses	—	(56 )
Deferred income taxes and amortization of investment tax credits	187	(14 )
Net fair value changes related to derivatives	31	259
Net realized and unrealized (gains) losses on NDT funds	(308 )	68
Other non-cash operating activities	127	240
Changes in assets and liabilities:		
Accounts receivable	79	133
Inventories	128	167
Accounts payable and accrued expenses	(764 )	(451 )
Option premiums received (paid), net	6	(27 )
Collateral posted, net	(101 )	(214 )
Income taxes	141	86
Pension and non-pension postretirement benefit contributions	(328 )	(331 )
Other assets and liabilities	(587 )	(495 )
Net cash flows provided by operating activities	1,044	1,502
Cash flows from investing activities		
Capital expenditures	(1,873 )	(1,880 )
Proceeds from NDT fund sales	3,713	1,189
Investment in NDT funds	(3,666 )	(1,248 )
Proceeds from sales of assets and businesses	8	79
Other investing activities	32	3
Net cash flows used in investing activities	(1,786 )	(1,857 )
Cash flows from financing activities		
Changes in short-term borrowings	540	726
Proceeds from short-term borrowings with maturities greater than 90 days	—	1
Repayments on short-term borrowings with maturities greater than 90 days	—	(1 )
Issuance of long-term debt	402	1,130
Retirement of long-term debt	(352 )	(1,241 )
Dividends paid on common stock	(352 )	(333 )
Proceeds from employee stock plans	51	12
Other financing activities	(14 )	(30 )
Net cash flows provided by financing activities	275	264
Decrease in cash, cash equivalents and restricted cash	(467 )	(91 )
Cash, cash equivalents and restricted cash at beginning of period	1,781	1,190
Cash, cash equivalents and restricted cash at end of period	\$1,314	\$1,099

See the Combined Notes to Consolidated Financial Statements





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CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 880	\$ 1,349
Restricted cash and cash equivalents	223	247
Accounts receivable, net		
Customer	4,564	4,607
Other	1,062	1,256
Mark-to-market derivative assets	652	804
Unamortized energy contract assets	49	48
Inventories, net		
Fossil fuel and emission allowances	179	334
Materials and supplies	1,380	1,351
Regulatory assets	1,191	1,222
Assets held for sale	890	904
Other	1,406	1,238
Total current assets	12,476	13,360
Property, plant and equipment, net	77,460	76,707
Deferred debits and other assets		
Regulatory assets	8,222	8,237
Nuclear decommissioning trust funds	12,302	11,661
Investments	620	625
Goodwill	6,677	6,677
Mark-to-market derivative assets	454	452
Unamortized energy contract assets	365	372
Other	3,017	1,575
Total deferred debits and other assets	31,657	29,599
Total assets <sup>(a)</sup>	\$ 121,593	\$ 119,666

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EXELON CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Short-term borrowings	\$ 1,254	\$ 714
Long-term debt due within one year	2,508	1,349
Accounts payable	3,327	3,800
Accrued expenses	1,725	2,112
Payables to affiliates	5	5
Regulatory liabilities	522	644
Mark-to-market derivative liabilities	345	475
Unamortized energy contract liabilities	151	149
Renewable energy credit obligation	348	344
Liabilities held for sale	799	777
Other	1,245	1,035
Total current liabilities	12,229	11,404
Long-term debt	32,960	34,075
Long-term debt to financing trusts	390	390
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,642	11,330
Asset retirement obligations	9,967	9,679
Pension obligations	3,734	3,988
Non-pension postretirement benefit obligations	1,984	1,928
Spent nuclear fuel obligation	1,178	1,171
Regulatory liabilities	9,781	9,559
Mark-to-market derivative liabilities	434	479
Unamortized energy contract liabilities	432	463
Other	3,158	2,130
Total deferred credits and other liabilities	42,310	40,727
Total liabilities <sup>(a)</sup>	87,889	86,596
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 971 shares and 968 shares outstanding at March 31, 2019 and December 31, 2018, respectively)	19,171	19,116
Treasury stock, at cost (2 shares at March 31, 2019 and December 31, 2018)	(123)	(123)
Retained earnings	15,321	14,766
Accumulated other comprehensive loss, net	(3,012)	(2,995)
Total shareholders' equity	31,357	30,764
Noncontrolling interests	2,347	2,306
Total equity	33,704	33,070
Total liabilities and shareholders' equity	\$ 121,593	\$ 119,666

(a) Exelon's consolidated assets include \$9,546 million and \$9,667 million at March 31, 2019 and December 31, 2018, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include \$3,572 million and \$3,548 million at March 31, 2019 and December 31, 2018, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 2 — Variable Interest Entities for

additional information.

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

(In millions, shares in thousands)	Three Months Ended March 31, 2019						
	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2018	970,020	\$19,116	\$ (123 )	\$14,766	\$ (2,995 )	\$ 2,306	\$ 33,070
Net income	—	—	—	907	—	59	966
Long-term incentive plan activity	2,446	(3 )	—	—	—	—	(3 )
Employee stock purchase plan issuances	320	51	—	—	—	—	51
Changes in equity of noncontrolling interests	—	—	—	—	—	(17 )	(17 )
Sale of noncontrolling interests	—	7	—	—	—	—	7
Common stock dividends (\$0.36/common share)	—	—	—	(352 )	—	—	(352 )
Other comprehensive income, net of income taxes	—	—	—	—	(17 )	(1 )	(18 )
Balance, March 31, 2019	972,786	\$19,171	\$ (123 )	\$15,321	\$ (3,012 )	\$ 2,347	\$ 33,704
(In millions, shares in thousands)	Three Months Ended March 31, 2018						
	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2017	965,168	\$18,964	\$ (123 )	\$14,081	\$ (3,026 )	\$ 2,291	\$ 32,187
Net income	—	—	—	585	—	51	636
Long-term incentive plan activity	1,685	(3 )	—	—	—	—	(3 )
Employee stock purchase plan issuances	361	12	—	—	—	—	12
Changes in equity of noncontrolling interests	—	—	—	—	—	(9 )	(9 )
Common stock dividends (\$0.35/common share)	—	—	—	(334 )	—	—	(334 )
Other comprehensive income, net of income taxes	—	—	—	—	71	1	72
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	—	—	14	(10 )	—	4
Balance, March 31, 2018	967,214	\$18,973	\$ (123 )	\$14,346	\$ (2,965 )	\$ 2,334	\$ 32,565

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

	Three Months Ended March 31,	
(In millions)	2019	2018
Operating revenues		
Operating revenues	\$4,979	\$5,114
Operating revenues from affiliates	317	398
Total operating revenues	5,296	5,512
Operating expenses		
Purchased power and fuel	3,204	3,289
Purchased power and fuel from affiliates	1	4
Operating and maintenance	1,068	1,178
Operating and maintenance from affiliates	150	161
Depreciation and amortization	405	448
Taxes other than income	135	138
Total operating expenses	4,963	5,218
Gain on sales of assets and businesses	—	53
Operating income	333	347
Other income and (deductions)		
Interest expense, net	(102)	(91)
Interest expense to affiliates	(9)	(10)
Other, net	430	(44)
Total other income and (deductions)	319	(145)
Income before income taxes	652	202
Income taxes	224	9
Equity in losses of unconsolidated affiliates	(6)	(7)
Net income	422	186
Net income attributable to noncontrolling interests	59	50
Net income attributable to membership interest	\$363	\$136
Comprehensive income, net of income taxes		
Net income	\$422	\$186
Other comprehensive income (loss), net of income taxes		
Unrealized gain on cash flow hedges	1	7
Unrealized (loss) gain on investments in unconsolidated affiliates	(2)	1
Unrealized gain (loss) on foreign currency translation	2	(1)
Other comprehensive income	1	7
Comprehensive income	423	193
Comprehensive income attributable to noncontrolling interests	58	51
Comprehensive income attributable to membership interest	\$365	\$142

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

	Three Months Ended March 31,	
(In millions)	2019	2018
Cash flows from operating activities		
Net income	\$422	\$186
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	789	858
Impairment of long-lived assets	7	—
Gain on sales of assets and businesses	—	(53 )
Deferred income taxes and amortization of investment tax credits	108	(68 )
Net fair value changes related to derivatives	33	264
Net realized and unrealized (gains) losses on NDT funds	(308 )	68
Other non-cash operating activities	(90 )	45
Changes in assets and liabilities:		
Accounts receivable	197	194
Receivables from and payables to affiliates, net	(5 )	(15 )
Inventories	103	122
Accounts payable and accrued expenses	(411 )	(317 )
Option premiums received (paid), net	6	(27 )
Collateral posted, net	(87 )	(214 )
Income taxes	146	79
Pension and non-pension postretirement benefit contributions	(141 )	(125 )
Other assets and liabilities	(187 )	(142 )
Net cash flows provided by operating activities	582	855
Cash flows from investing activities		
Capital expenditures	(511 )	(628 )
Proceeds from NDT fund sales	3,713	1,189
Investment in NDT funds	(3,666 )	(1,248 )
Proceeds from sales of assets and businesses	8	79
Other investing activities	23	(7 )
Net cash flows used in investing activities	(433 )	(615 )
Cash flows from financing activities		
Changes in short-term borrowings	—	165
Proceeds from short-term borrowings with maturities greater than 90 days	—	1
Repayments of short-term borrowings with maturities greater than 90 days	—	(1 )
Issuance of long-term debt	2	4
Retirement of long-term debt	(47 )	(29 )
Changes in Exelon intercompany money pool	(100 )	—
Distributions to member	(225 )	(188 )
Other financing activities	(6 )	(9 )
Net cash flows used in financing activities	(376 )	(57 )
(Decrease) increase in cash, cash equivalents and restricted cash	(227 )	183
Cash, cash equivalents and restricted cash at beginning of period	903	554
Cash, cash equivalents and restricted cash at end of period	\$676	\$737

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

(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 537	\$ 750
Restricted cash and cash equivalents	139	153
Accounts receivable, net		
Customer	2,800	2,941
Other	367	562
Mark-to-market derivative assets	652	804
Receivables from affiliates	163	173
Unamortized energy contract assets	49	49
Inventories, net		
Fossil fuel and emission allowances	146	251
Materials and supplies	965	963
Assets held for sale	890	904
Other	1,013	883
Total current assets	7,721	8,433
Property, plant and equipment, net	24,034	23,981
Deferred debits and other assets		
Nuclear decommissioning trust funds	12,302	11,661
Investments	404	414
Goodwill	47	47
Mark-to-market derivative assets	454	452
Prepaid pension asset	1,525	1,421
Unamortized energy contract assets	364	371
Deferred income taxes	18	21
Other	1,813	755
Total deferred debits and other assets	16,927	15,142
Total assets <sup>(a)</sup>	\$ 48,682	\$ 47,556

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Long-term debt due within one year	\$ 2,365	\$ 906
Accounts payable	1,566	1,847
Accrued expenses	675	898
Payables to affiliates	136	139
Borrowings from Exelon intercompany money pool	—	100
Mark-to-market derivative liabilities	318	449
Unamortized energy contract liabilities	28	31
Renewable energy credit obligation	348	343
Liabilities held for sale	799	777
Other	425	279
Total current liabilities	6,660	5,769
Long-term debt	5,487	6,989
Long-term debt to affiliates	895	898
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,502	3,383
Asset retirement obligations	9,737	9,450
Non-pension postretirement benefit obligations	894	900
Spent nuclear fuel obligation	1,178	1,171
Payables to affiliates	2,870	2,606
Mark-to-market derivative liabilities	219	252
Unamortized energy contract liabilities	16	20
Other	1,528	610
Total deferred credits and other liabilities	19,944	18,392
Total liabilities <sup>(a)</sup>	32,986	32,048
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,525	9,518
Undistributed earnings	3,862	3,724
Accumulated other comprehensive loss, net	(36)	(38)
Total member's equity	13,351	13,204
Noncontrolling interests	2,345	2,304
Total equity	15,696	15,508
Total liabilities and equity	\$ 48,682	\$ 47,556

Generation's consolidated assets include \$9,515 million and \$9,634 million at March 31, 2019 and December 31, 2018, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's (a) consolidated liabilities include \$3,508 million and \$3,480 million at March 31, 2019 and December 31, 2018, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 2 — Variable Interest Entities for additional information.

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Unaudited)

(In millions)	Three Months Ended March 31, 2019				
	Member's Equity		Accumulated	Noncontrolling Interests	Total Equity
	Member Interest	Undistributed Earnings	Other Comprehensive Loss, net		
Balance, December 31, 2018	\$9,518	\$ 3,724	\$ (38 )	\$ 2,304	\$15,508
Net income	—	363	—	59	422
Changes in equity of noncontrolling interests	—	—	—	(17 )	(17 )
Sale of noncontrolling interests	7	—	—	—	7
Distributions to member	—	(225 )	—	—	(225 )
Other comprehensive income (loss), net of income taxes	—	—	2	(1 )	1
Balance, March 31, 2019	\$9,525	\$ 3,862	\$ (36 )	\$ 2,345	\$15,696

(In millions)	Three Months Ended March 31, 2018				
	Member's Equity		Accumulated	Noncontrolling Interests	Total Equity
	Member Interest	Undistributed Earnings	Other Comprehensive Loss, net		
Balance, December 31, 2017	\$9,357	\$ 4,349	\$ (37 )	\$ 2,290	\$15,959
Net income	—	136	—	50	186
Changes in equity of noncontrolling interests	—	—	—	(9 )	(9 )
Distributions to member	—	(188 )	—	—	(188 )
Other comprehensive income, net of income taxes	—	—	6	1	7
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	6	(3 )	—	3
Balance, March 31, 2018	\$9,357	\$ 4,303	\$ (34 )	\$ 2,332	\$15,958

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2019	2018
Operating revenues		
Electric operating revenues	\$1,432	\$1,493
Revenues from alternative revenue programs	(28)	5
Operating revenues from affiliates	4	14
Total operating revenues	1,408	1,512
Operating expenses		
Purchased power	388	411
Purchased power from affiliate	97	194
Operating and maintenance	259	253
Operating and maintenance from affiliate	62	60
Depreciation and amortization	251	228
Taxes other than income	78	77
Total operating expenses	1,135	1,223
Gain on sales of assets	3	3
Operating income	276	292
Other income and (deductions)		
Interest expense, net	(84)	(86)
Interest expense to affiliates	(3)	(3)
Other, net	8	8
Total other income and (deductions)	(79)	(81)
Income before income taxes	197	211
Income taxes	40	46
Net income	\$157	\$165
Comprehensive income	\$157	\$165

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Three Months Ended March 31, 2019 2018	
(In millions)		
Cash flows from operating activities		
Net income	\$ 157	\$ 165
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	251	228
Deferred income taxes and amortization of investment tax credits	34	50
Other non-cash operating activities	56	46
Changes in assets and liabilities:		
Accounts receivable	14	39
Receivables from and payables to affiliates, net	(34 )	(19 )
Inventories	(3 )	5
Accounts payable and accrued expenses	(188 )	(158 )
Collateral posted, net	(13 )	(3 )
Income taxes	5	(5 )
Pension and non-pension postretirement benefit contributions	(67 )	(38 )
Other assets and liabilities	(121 )	(176 )
Net cash flows provided by operating activities	91	134
Cash flows from investing activities		
Capital expenditures	(503 )	(531 )
Other investing activities	11	8
Net cash flows used in investing activities	(492 )	(523 )
Cash flows from financing activities		
Changes in short-term borrowings	322	317
Issuance of long-term debt	400	800
Retirement of long-term debt	(300 )	(700 )
Contributions from parent	63	113
Dividends paid on common stock	(127 )	(114 )
Other financing activities	(9 )	(9 )
Net cash flows provided by financing activities	349	407
(Decrease) increase in cash, cash equivalents and restricted cash	(52 )	18
Cash, cash equivalents and restricted cash at beginning of period	330	144
Cash, cash equivalents and restricted cash at end of period	\$278	\$162

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Table of ContentsCOMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 68	\$ 135
Restricted cash	17	29
Accounts receivable, net		
Customer	539	539
Other	336	320
Receivables from affiliates	21	20
Inventories, net	152	148
Regulatory assets	285	293
Other	89	86
Total current assets	1,507	1,570
Property, plant and equipment, net	22,274	22,058
Deferred debits and other assets		
Regulatory assets	1,338	1,307
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,412	2,217
Prepaid pension asset	1,073	1,035
Other	347	395
Total deferred debits and other assets	7,801	7,585
Total assets	\$ 31,582	\$ 31,213

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Short-term borrowings	\$ 322	\$ —
Long-term debt due within one year	—	300
Accounts payable	491	607
Accrued expenses	229	373
Payables to affiliates	74	119
Customer deposits	112	111
Regulatory liabilities	241	293
Mark-to-market derivative liability	27	26
Other	98	96
Total current liabilities	1,594	1,925
Long-term debt	8,194	7,801
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,870	3,813
Asset retirement obligations	119	118
Non-pension postretirement benefits obligations	196	201
Regulatory liabilities	6,269	6,050
Mark-to-market derivative liability	213	223
Other	582	630
Total deferred credits and other liabilities	11,249	11,035
Total liabilities	21,242	20,966
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	7,385	7,322
Retained deficit unappropriated	(1,639 )	(1,639 )
Retained earnings appropriated	3,006	2,976
Total shareholders' equity	10,340	10,247
Total liabilities and shareholders' equity	\$ 31,582	\$ 31,213

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Unaudited)

(In millions)	Three Months Ended March 31, 2019				
	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2018	\$1,588	\$7,322	\$ (1,639 )	\$ 2,976	\$ 10,247
Net income	—	—	157	—	157
Appropriation of retained earnings for future dividends	—	—	(157 )	157	—
Common stock dividends	—	—	—	(127 )	(127 )
Contributions from parent	—	63	—	—	63
Balance, March 31, 2019	\$1,588	\$7,385	\$ (1,639 )	\$ 3,006	\$ 10,340

(In millions)	Three Months Ended March 31, 2018				
	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2017	\$1,588	\$6,822	\$ (1,639 )	\$ 2,771	\$ 9,542
Net income	—	—	165	—	165
Appropriation of retained earnings for future dividends	—	—	(165 )	165	—
Common stock dividends	—	—	—	(114 )	(114 )
Contributions from parent	—	113	—	—	113
Balance, March 31, 2018	\$1,588	\$6,935	\$ (1,639 )	\$ 2,822	\$ 9,706

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

	Three Months Ended March 31,	
(In millions)	2019	2018
Operating revenues		
Electric operating revenues	\$622	\$633
Natural gas operating revenues	280	232
Revenues from alternative revenue programs	(3 )	(1 )
Operating revenues from affiliates	1	2
Total operating revenues	900	866
Operating expenses		
Purchased power	152	199
Purchased fuel	135	98
Purchased power from affiliate	44	36
Operating and maintenance	187	233
Operating and maintenance from affiliates	38	42
Depreciation and amortization	81	75
Taxes other than income	41	41
Total operating expenses	678	724
Operating income	222	142
Other income and (deductions)		
Interest expense, net	(30 )	(30 )
Interest expense to affiliates	(3 )	(3 )
Other, net	4	2
Total other income and (deductions)	(29 )	(31 )
Income before income taxes	193	111
Income taxes	25	(2 )
Net income	\$168	\$113
Comprehensive income	\$168	\$113

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

	Three Months Ended March 31, 2019 2018	
(In millions)		
Cash flows from operating activities		
Net income	\$ 168	\$ 113
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	81	75
Deferred income taxes and amortization of investment tax credits	5	(4 )
Other non-cash operating activities	16	21
Changes in assets and liabilities:		
Accounts receivable	(86 )	(51 )
Receivables from and payables to affiliates, net	7	7
Inventories	23	12
Accounts payable and accrued expenses	(13 )	6
Income taxes	20	5
Pension and non-pension postretirement benefit contributions	(25 )	(24 )
Other assets and liabilities	(119 )	(141 )
Net cash flows provided by operating activities	77	19
Cash flows from investing activities		
Capital expenditures	(222 )	(217 )
Other investing activities	2	2
Net cash flows used in investing activities	(220 )	(215 )
Cash flows from financing activities		
Changes in short-term borrowings	—	220
Issuance of long-term debt	—	325
Retirement of long-term debt	—	(500 )
Changes in Exelon intercompany money pool	—	194
Contributions from parent	145	—
Dividends paid on common stock	(90 )	(287 )
Other financing activities	—	(5 )
Net cash flows provided by (used in) financing activities	55	(53 )
Decrease in cash, cash equivalents and restricted cash	(88 )	(249 )
Cash, cash equivalents and restricted cash at beginning of period	135	275
Cash, cash equivalents and restricted cash at end of period	\$47	\$26

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Table of ContentsPECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 41	\$ 130
Restricted cash and cash equivalents	6	5
Accounts receivable, net		
Customer	394	321
Other	148	151
Inventories, net		
Fossil fuel	15	38
Materials and supplies	37	37
Prepaid utility taxes	100	—
Regulatory assets	54	81
Other	21	19
Total current assets	816	782
Property, plant and equipment, net	8,766	8,610
Deferred debits and other assets		
Regulatory assets	491	460
Investments	25	25
Receivable from affiliates	457	389
Prepaid pension asset	372	349
Other	29	27
Total deferred debits and other assets	1,374	1,250
Total assets	\$ 10,956	\$ 10,642

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(In millions)	March 31, 2019	December 31, 2018
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current liabilities		
Accounts payable	379	370
Accrued expenses	119	113
Payables to affiliates	66	59
Customer deposits	68	68
Regulatory liabilities	123	175
Other	32	24
Total current liabilities	787	809
Long-term debt	3,084	3,084
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,974	1,933
Asset retirement obligations	27	27
Non-pension postretirement benefits obligations	288	288
Regulatory liabilities	488	421
Other	81	76
Total deferred credits and other liabilities	2,858	2,745
Total liabilities	6,913	6,822
Commitments and contingencies		
Shareholder's equity		
Common stock	2,723	2,578
Retained earnings	1,320	1,242
Total shareholder's equity	4,043	3,820
Total liabilities and shareholder's equity	\$ 10,956	\$ 10,642

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three months ended March 31, 2019			
	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2018	\$2,578	\$ 1,242	\$ —	\$ 3,820
Net income	—	168	—	168
Common stock dividends	—	(90 )	—	(90 )
Contributions from parent	145	—	—	145
Balance, March 31, 2019	\$2,723	\$ 1,320	\$ —	\$ 4,043

(In millions)	Three months ended March 31, 2018			
	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2017	\$2,489	\$ 1,087	\$ 1	\$ 3,577
Net income	—	113	—	113
Common stock dividends	—	(287 )	—	(287 )
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities Standard	—	1	(1 )	—
Balance, March 31, 2018	\$2,489	\$ 914	\$ —	\$ 3,403

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

	Three Months Ended March 31,	
(In millions)	2019	2018
Operating revenues		
Electric operating revenues	\$652	\$654
Natural gas operating revenues	308	330
Revenues from alternative revenue programs	10	(13 )
Operating revenues from affiliates	6	6
Total operating revenues	976	977
Operating expenses		
Purchased power	190	192
Purchased fuel	95	123
Purchased power from affiliate	75	65
Operating and maintenance	153	184
Operating and maintenance from affiliates	39	37
Depreciation and amortization	136	134
Taxes other than income	68	65