

EXELON CORP
Form 10-Q
May 03, 2017
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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, 2017

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
File 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	36-0938600

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000-16844	(312) 394-4321 PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699	23-0970240
1-1910	(215) 841-4000 BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708	52-0280210
001-31403	(410) 234-5000 PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068	52-2297449
001-01072	(202) 872-2000 POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068	53-0127880
001-01405	(202) 872-2000 DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702	51-0084283
001-03559	(202) 872-2000 ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (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, 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					
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					
Atlantic City Electric Company					

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 March 31, 2017 was:

Exelon Corporation Common Stock, without par value	926,096,660
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, \$12.50 par value	127,017,158
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, \$.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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<i>Exelon</i>	Exelon Corporation
<i>Generation</i>	Exelon Generation Company, LLC
<i>ComEd</i>	Commonwealth Edison Company
<i>PECO</i>	PECO Energy Company
<i>BGE</i>	Baltimore Gas and Electric Company
<i>Pepco Holdings or PHI</i>	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
<i>Pepco</i>	Potomac Electric Power Company
<i>Pepco Energy Services or PES</i>	Pepco Energy Services, Inc. and its subsidiaries
<i>PCI</i>	Potomac Capital Investment Corporation and its subsidiaries
<i>DPL</i>	Delmarva Power & Light Company
<i>ACE</i>	Atlantic City Electric Company
<i>ACE Funding or ATF</i>	Atlantic City Electric Transition Funding LLC
<i>BSC</i>	Exelon Business Services Company, LLC
<i>PHISCO</i>	PHI Service Company
<i>Exelon Corporate</i>	Exelon in its corporate capacity as a holding company
<i>PHI Corporate</i>	PHI in its corporate capacity as a holding company
<i>Registrants</i>	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
<i>Utility Registrants</i>	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
<i>AmerGen</i>	AmerGen Energy Company, LLC
<i>Antelope Valley</i>	Antelope Valley Solar Ranch One
<i>BondCo</i>	RSB BondCo LLC
<i>CENG</i>	Constellation Energy Nuclear Group, LLC
<i>ConEdison Solutions</i>	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
<i>Constellation</i>	Constellation Energy Group, Inc.
<i>EGTP</i>	ExGen Texas Power, LLC
<i>EGR</i>	ExGen Renewables I, LLC
<i>Entergy</i>	Entergy Nuclear FitzPatrick LLC
<i>Exelon Transmission Company</i>	Exelon Transmission Company, LLC
<i>Exelon Wind</i>	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
<i>FitzPatrick</i>	James A. FitzPatrick nuclear generating station
<i>Legacy PHI</i>	PHI, Pepco, DPL and ACE, collectively
<i>PEC L.P.</i>	PECO Energy Capital, L.P.
<i>PECO Trust III</i>	PECO Capital Trust III
<i>PECO Trust IV</i>	PECO Energy Capital Trust IV
<i>PETT</i>	PECO Energy Transition Trust
<i>RPG</i>	Renewable Power Generation
<i>SolGen</i>	SolGen, LLC
<i>UII</i>	Unicom Investments, Inc.
<i>Ventures</i>	Exelon Ventures Company, LLC

Other Terms and Abbreviations

<i>Note</i>	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2016 Annual Report on Form 10-K
<i>Act 11</i>	Pennsylvania Act 11 of 2012
<i>Act 129</i>	Pennsylvania Act 129 of 2008
<i>AEC</i>	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source

Table of Contents**GLOSSARY OF TERMS AND ABBREVIATIONS****Other Terms and Abbreviations**

<i>AEPS</i>	Pennsylvania Alternative Energy Portfolio Standards
<i>AEPS Act</i>	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
<i>AESO</i>	Alberta Electric Systems Operator
<i>AFUDC</i>	Allowance for Funds Used During Construction
<i>AMI</i>	Advanced Metering Infrastructure
<i>AOCI</i>	Accumulated Other Comprehensive Income
<i>ARC</i>	Asset Retirement Cost
<i>ARO</i>	Asset Retirement Obligation
<i>ASC</i>	Accounting Standards Codification
<i>BGS</i>	Basic Generation Service
<i>Block Contracts</i>	Forward Purchase Energy Block Contracts
<i>CAIR</i>	Clean Air Interstate Rule
<i>CAISO</i>	California ISO
<i>CAMR</i>	Federal Clean Air Mercury Rule
<i>CERCLA</i>	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
<i>CES</i>	Clean Energy Standard
<i>CFL</i>	Compact Fluorescent Light
<i>Clean Air Act</i>	Clean Air Act of 1963, as amended
<i>Clean Water Act</i>	Federal Water Pollution Control Amendments of 1972, as amended
<i>Competition Act</i>	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
<i>Conectiv</i>	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
<i>Conectiv Energy</i>	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
<i>CPUC</i>	California Public Utilities Commission
<i>CSAPR</i>	Cross-State Air Pollution Rule
<i>D.C. Circuit Court</i>	United States Court of Appeals for the District of Columbia Circuit
<i>DCPSC</i>	District of Columbia Public Service Commission
<i>DC PLUG</i>	District of Columbia Power Line Undergrounding
<i>Default Electricity Supply</i>	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
<i>DOE</i>	United States Department of Energy
<i>DOJ</i>	United States Department of Justice
<i>DPSC</i>	Delaware Public Service Commission
<i>DRP</i>	Direct Stock Purchase and Dividend Reinvestment Plan
<i>DSP</i>	Default Service Provider
<i>DSP Program</i>	Default Service Provider Program
<i>EDCs</i>	Electric distribution companies
<i>EDF</i>	Electricite de France SA and its subsidiaries
<i>EE&C</i>	Energy Efficiency and Conservation/Demand Response
<i>EGS</i>	Electric Generation Supplier
<i>EIMA</i>	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)

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<i>EmPower Maryland</i>	A Maryland demand-side management program for Pepco and DPL
<i>EPA</i>	United States Environmental Protection Agency
<i>EPSA</i>	Electric Power Supply Association
<i>ERCOT</i>	Electric Reliability Council of Texas
<i>ERISA</i>	Employee Retirement Income Security Act of 1974, as amended
<i>EROA</i>	Expected Rate of Return on Assets
<i>FASB</i>	Financial Accounting Standards Board
<i>FEJA</i>	Illinois Public Act 99-0906 or Future Energy Jobs Act
<i>FERC</i>	Federal Energy Regulatory Commission
<i>FRCC</i>	Florida Reliability Coordinating Council
<i>GAAP</i>	Generally Accepted Accounting Principles in the United States
<i>GCR</i>	Gas Cost Rate
<i>GHG</i>	Greenhouse Gas
<i>GSA</i>	Generation Supply Adjustment
<i>GWh</i>	Gigawatt hour
<i>Health Care Reform Acts</i>	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
<i>HSR Act</i>	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
<i>IBEW</i>	International Brotherhood of Electrical Workers
<i>ICC</i>	Illinois Commerce Commission
<i>ICE</i>	Intercontinental Exchange
<i>Illinois Act</i>	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
<i>Illinois EPA</i>	Illinois Environmental Protection Agency
<i>Illinois Settlement Legislation</i>	Legislation enacted in 2007 affecting electric utilities in Illinois
<i>Integrus</i>	Integrus Energy Services, Inc.
<i>IPA</i>	Illinois Power Agency
<i>IRC</i>	Internal Revenue Code
<i>IRS</i>	Internal Revenue Service
<i>ISO</i>	Independent System Operator
<i>ISO-NE</i>	ISO New England Inc.
<i>ISO-NY</i>	ISO New York
<i>kV</i>	Kilovolt
<i>kW</i>	Kilowatt
<i>kWh</i>	Kilowatt-hour
<i>LIBOR</i>	London Interbank Offered Rate
<i>LLRW</i>	Low-Level Radioactive Waste
<i>LT Plan</i>	Long-term renewable resources procurement plan
<i>LTIP</i>	Long-Term Incentive Plan
<i>MAPP</i>	Mid-Atlantic Power Pathway
<i>MATS</i>	U.S. EPA Mercury and Air Toxics Rule
<i>MBR</i>	Market Based Rates Incentive
<i>MDE</i>	Maryland Department of the Environment
<i>MDPSC</i>	Maryland Public Service Commission
<i>MGP</i>	Manufactured Gas Plant
<i>MISO</i>	Midcontinent Independent System Operator, Inc.
<i>mmcf</i>	Million Cubic Feet
<i>Moody's</i>	Moody's Investor Service
<i>MOPR</i>	Minimum Offer Price Rule
<i>MRV</i>	Market-Related Value

Table of Contents**GLOSSARY OF TERMS AND ABBREVIATIONS****Other Terms and Abbreviations**

<i>MW</i>	Megawatt
<i>MWh</i>	Megawatt hour
<i>NAAQS</i>	National Ambient Air Quality Standards
<i>n.m.</i>	not meaningful
<i>NAV</i>	Net Asset Value
<i>NDT</i>	Nuclear Decommissioning Trust
<i>NEIL</i>	Nuclear Electric Insurance Limited
<i>NERC</i>	North American Electric Reliability Corporation
<i>NGS</i>	Natural Gas Supplier
<i>NJBPU</i>	New Jersey Board of Public Utilities
<i>NJDEP</i>	New Jersey Department of Environmental Protection
<i>Non-Regulatory Agreements Units</i>	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
<i>NOSA</i>	Nuclear Operating Services Agreement
<i>NPDES</i>	National Pollutant Discharge Elimination System
<i>NRC</i>	Nuclear Regulatory Commission
<i>NSPS</i>	New Source Performance Standards
<i>NUGs</i>	Non-utility generators
<i>NWPA</i>	Nuclear Waste Policy Act of 1982
<i>NYMEX</i>	New York Mercantile Exchange
<i>OCI</i>	Other Comprehensive Income
<i>OIESO</i>	Ontario Independent Electricity System Operator
<i>OPC</i>	Office of People's Counsel
<i>OPEB</i>	Other Postretirement Employee Benefits
<i>PA DEP</i>	Pennsylvania Department of Environmental Protection
<i>PAPUC</i>	Pennsylvania Public Utility Commission
<i>PGC</i>	Purchased Gas Cost Clause
<i>PJM</i>	PJM Interconnection, LLC
<i>POLR</i>	Provider of Last Resort
<i>POR</i>	Purchase of Receivables
<i>PPA</i>	Power Purchase Agreement
<i>Price-Anderson Act</i>	Price-Anderson Nuclear Industries Indemnity Act of 1957
<i>Preferred Stock</i>	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value \$0.01 per share
<i>PRP</i>	Potentially Responsible Parties
<i>PSEG</i>	Public Service Enterprise Group Incorporated
<i>PURTA</i>	Pennsylvania Public Realty Tax Act
<i>PV</i>	Photovoltaic
<i>RCRA</i>	Resource Conservation and Recovery Act of 1976, as amended
<i>REC</i>	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
<i>Regulatory Agreement Units</i>	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
<i>RES</i>	Retail Electric Suppliers
<i>RFP</i>	Request for Proposal
<i>Rider</i>	Reconcilable Surcharge Recovery Mechanism
<i>RGGI</i>	Regional Greenhouse Gas Initiative

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

<i>RMC</i>	Risk Management Committee
<i>ROE</i>	Return on equity
<i>RPM</i>	PJM Reliability Pricing Model
<i>RPS</i>	Renewable Energy Portfolio Standards
<i>RSSA</i>	Reliability Support Services Agreement
<i>RTEP</i>	Regional Transmission Expansion Plan
<i>RTO</i>	Regional Transmission Organization
<i>S&P</i>	Standard & Poor's Ratings Services
<i>SEC</i>	United States Securities and Exchange Commission
<i>Senate Bill 1</i>	Maryland Senate Bill 1
<i>SERC</i>	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
<i>SGIG</i>	Smart Grid Investment Grant from DOE
<i>SILO</i>	Sale-In, Lease-Out
<i>SMP/IP</i>	Smart Meter Procurement and Installation Plan
<i>SNF</i>	Spent Nuclear Fuel
<i>SOS</i>	Standard Offer Service
<i>SPFPA</i>	Security, Police and Fire Professionals of America
<i>SPP</i>	Southwest Power Pool
<i>Transition Bond Charge</i>	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
<i>Transition Bonds</i>	Transition Bonds issued by ACE Funding
<i>UGSOA</i>	United Government Security Officers of America
<i>Upstream</i>	Natural gas exploration and production activities
<i>VIE</i>	Variable Interest Entity
<i>WECC</i>	Western Electric Coordinating Council
<i>ZEC</i>	Zero Emission Credit
<i>ZES</i>	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.

FORWARD-LOOKING STATEMENTS

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 Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC (PHI), Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2016 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 24, Commitments and Contingencies; and (2) 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 and the Registrants' websites at 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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Table of Contents**EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

(In millions, except per share data)	Three Months Ended	
	2017	March 31, 2016
Operating revenues		
Competitive businesses revenues	\$ 4,560	\$ 4,473
Rate-regulated utility revenues	4,197	3,100
Total operating revenues	8,757	7,573
Operating expenses		
Competitive businesses purchased power and fuel	2,795	2,440
Rate-regulated utility purchased power and fuel	1,104	814
Operating and maintenance	2,460	2,835
Depreciation and amortization	896	685
Taxes other than income	436	325
Total operating expenses	7,691	7,099
Gain on sales of assets	4	9
Bargain purchase gain	226	
Operating income	1,296	483
Other income and (deductions)		
Interest expense, net	(363)	(277)
Interest expense to affiliates	(10)	(10)
Other, net	283	114
Total other income and (deductions)	(90)	(173)
Income before income taxes	1,206	310
Income taxes	215	184
Equity in losses of unconsolidated affiliates	(10)	(3)
Net income	981	123
Net loss attributable to noncontrolling interests and preference stock dividends	(14)	(50)
Net income attributable to common shareholders	\$ 995	\$ 173
Comprehensive income, net of income taxes		
Net income	\$ 981	\$ 123
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	(13)	(12)
Actuarial loss reclassified to periodic benefit cost	49	46
Pension and non-pension postretirement benefit plan valuation adjustment	(59)	(1)
Unrealized gain (loss) on cash flow hedges	6	(7)

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Unrealized gain (loss) on equity investments	3	(3)
Unrealized gain on foreign currency translation	1	6
Unrealized gain (loss) on marketable securities	1	(1)
Other comprehensive (loss) income	(12)	28
Comprehensive income	969	151
Comprehensive loss attributable to noncontrolling interests and preference stock dividends	(16)	(50)
Comprehensive income attributable to common shareholders	\$ 985	\$ 201
Average shares of common stock outstanding:		
Basic	928	923
Diluted	930	925
Earnings per average common share:		
Basic	\$ 1.07	\$ 0.19
Diluted	\$ 1.07	\$ 0.19
Dividends declared per common share	\$ 0.33	\$ 0.31

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended	
	2017	March 31, 2016
Cash flows from operating activities		
Net income	\$ 981	\$ 123
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	1,274	1,063
Impairment of long-lived assets	10	119
Gain on sales of assets	(4)	(9)
Bargain purchase gain	(226)	
Deferred income taxes and amortization of investment tax credits	189	127
Net fair value changes related to derivatives	47	(107)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(175)	(55)
Other non-cash operating activities	118	804
Changes in assets and liabilities:		
Accounts receivable	313	117
Inventories	109	142
Accounts payable and accrued expenses	(623)	(571)
Option premiums (paid) received, net	(6)	17
Collateral (posted) received, net	(110)	206
Income taxes	50	47
Pension and non-pension postretirement benefit contributions	(307)	(239)
Other assets and liabilities	(439)	(311)
Net cash flows provided by operating activities	1,201	1,473
Cash flows from investing activities		
Capital expenditures	(2,114)	(2,202)
Proceeds from nuclear decommissioning trust fund sales	1,767	2,240
Investment in nuclear decommissioning trust funds	(1,833)	(2,297)
Acquisition of businesses, net	(212)	(6,645)
Proceeds from termination of direct financing lease investment		360
Change in restricted cash	(1)	(2)
Other investing activities	(18)	(2)
Net cash flows used in investing activities	(2,411)	(8,548)
Cash flows from financing activities		
Changes in short-term borrowings	721	1,647
Proceeds from short-term borrowings with maturities greater than 90 days	560	123
Repayments on short-term borrowings with maturities greater than 90 days	(500)	
Issuance of long-term debt	763	151
Retirement of long-term debt	(65)	(116)
Dividends paid on common stock	(303)	(287)
Proceeds from employee stock plans	12	9
Other financing activities	(4)	6
Net cash flows provided by financing activities	1,184	1,533

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Decrease in cash and cash equivalents	(26)	(5,542)
Cash and cash equivalents at beginning of period	635	6,502
Cash and cash equivalents at end of period	\$ 609	\$ 960

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 609	\$ 635
Restricted cash and cash equivalents	254	253
Deposit with IRS	1,250	1,250
Accounts receivable, net		
Customer	3,886	4,158
Other	1,133	1,201
Mark-to-market derivative assets	847	917
Unamortized energy contract assets	103	88
Inventories, net		
Fossil fuel and emission allowances	249	364
Materials and supplies	1,312	1,274
Regulatory assets	1,330	1,342
Other	1,221	930
Total current assets	12,194	12,412
Property, plant and equipment, net	72,630	71,555
Deferred debits and other assets		
Regulatory assets	10,051	10,046
Nuclear decommissioning trust funds	12,362	11,061
Investments	648	629
Goodwill	6,677	6,677
Mark-to-market derivative assets	539	492
Unamortized energy contract assets	432	447
Pledged assets for Zion Station decommissioning	95	113
Other	1,440	1,472
Total deferred debits and other assets	32,244	30,937
Total assets^(a)	\$ 117,068	\$ 114,904

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	\$ 2,048	\$ 1,267
Long-term debt due within one year	3,645	2,430
Accounts payable	3,011	3,441
Accrued expenses	3,007	3,460
Payables to affiliates	8	8
Regulatory liabilities	637	602
Mark-to-market derivative liabilities	228	282
Unamortized energy contract liabilities	388	407
Renewable energy credit obligation	400	428
PHI merger related obligation	123	151
Other	942	981
Total current liabilities	14,437	13,457
Long-term debt		
	31,044	31,575
Long-term debt to financing trusts		
	641	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	18,518	18,138
Asset retirement obligations	9,634	9,111
Pension obligations	4,082	4,248
Non-pension postretirement benefit obligations	1,928	1,848
Spent nuclear fuel obligation	1,136	1,024
Regulatory liabilities	4,302	4,187
Mark-to-market derivative liabilities	420	392
Unamortized energy contract liabilities	779	830
Payable for Zion Station decommissioning	3	14
Other	1,853	1,827
Total deferred credits and other liabilities	42,655	41,619
Total liabilities ^(a)	88,777	87,292
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 926 shares and 924 shares outstanding at March 31, 2017 and December 31, 2016, respectively)	18,807	18,794
Treasury stock, at cost (35 shares at March 31, 2017 and December 31, 2016, respectively)	(2,327)	(2,327)
Retained earnings	12,720	12,030
Accumulated other comprehensive loss, net	(2,670)	(2,660)
Total shareholders' equity	26,530	25,837
Noncontrolling interests	1,761	1,775
Total equity	28,291	27,612

Total liabilities and shareholders' equity	\$ 117,068	\$ 114,904
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- (a) Exelon's consolidated assets include \$9,148 million and \$8,893 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include \$3,345 million and \$3,356 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 - Variable Interest Entities.

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 in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2016	958,778	\$ 18,794	\$ (2,327)	\$ 12,030	\$ (2,660)	\$ 1,775	\$ 27,612
Net income (loss)				995		(14)	981
Long-term incentive plan activity	1,739	1					1
Employee stock purchase plan issuances	323	12					12
Changes in equity of noncontrolling interests						2	2
Common stock dividends				(305)			(305)
Other comprehensive loss, net of income taxes					(10)	(2)	(12)
Balance at March 31, 2017	960,840	\$ 18,807	\$ (2,327)	\$ 12,720	\$ (2,670)	\$ 1,761	\$ 28,291

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

(Unaudited)

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Operating revenues	\$ 4,558	\$ 4,471
Operating revenues from affiliates	330	268
Total operating revenues	4,888	4,739
Operating expenses		
Purchased power and fuel	2,796	2,440
Purchased power and fuel from affiliates	2	2
Operating and maintenance	1,309	1,296
Operating and maintenance from affiliates	179	171
Depreciation and amortization	302	289
Taxes other than income	143	126
Total operating expenses	4,731	4,324
Gain on sales of assets	4	
Bargain purchase gain	226	
Operating income	387	415
Other income and (deductions)		
Interest expense, net	(90)	(87)
Interest expense to affiliates	(10)	(10)
Other, net	259	93
Total other income and (deductions)	159	(4)
Income before income taxes	546	411
Income taxes	127	151
Equity in losses of unconsolidated affiliates	(10)	(3)
Net income	409	257
Net loss attributable to noncontrolling interests	(14)	(53)
Net income attributable to membership interest	\$ 423	\$ 310
Comprehensive income, net of income taxes		
Net income	\$ 409	\$ 257
Other comprehensive income (loss), net of income taxes		
Unrealized gain (loss) on cash flow hedges	6	(5)
Unrealized gain (loss) on equity investments	4	(2)
Unrealized gain on foreign currency translation	1	6

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Other comprehensive income (loss)	11	(1)
Comprehensive income	420	256
Comprehensive loss attributable to noncontrolling interests	(16)	(53)
Comprehensive income attributable to membership interest	\$ 436	\$ 309

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 409	\$ 257
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	678	667
Impairment of long-lived assets	10	119
Gain on sales of assets	(4)	
Bargain purchase gain	(226)	
Deferred income taxes and amortization of investment tax credits	112	68
Net fair value changes related to derivatives	51	(106)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(175)	(55)
Other non-cash operating activities	(10)	51
Changes in assets and liabilities:		
Accounts receivable	195	173
Receivables from and payables to affiliates, net	23	(17)
Inventories	81	93
Accounts payable and accrued expenses	62	(363)
Option premiums (paid) received, net	(6)	17
Collateral (posted) received, net	(102)	198
Income taxes	(81)	(60)
Pension and non-pension postretirement benefit contributions	(110)	(112)
Other assets and liabilities	(167)	(148)
Net cash flows provided by operating activities	740	782
Cash flows from investing activities		
Capital expenditures	(923)	(1,125)
Proceeds from nuclear decommissioning trust fund sales	1,767	2,240
Investment in nuclear decommissioning trust funds	(1,833)	(2,297)
Acquisition of businesses, net	(212)	(1)
Change in restricted cash	18	4
Other investing activities	(29)	(25)
Net cash flows used in investing activities	(1,212)	(1,204)
Cash flows from financing activities		
Changes in short-term borrowings	(42)	1,377
Proceeds from short-term borrowings with maturities greater than 90 days	60	123
Issuance of long-term debt	762	151
Retirement of long-term debt	(30)	(94)
Changes in Exelon intercompany money pool	(1)	(1,183)
Distribution to member	(164)	(55)
Contribution from member		44
Other financing activities	(3)	5
Net cash flows provided by financing activities	582	368

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Increase (Decrease) in cash and cash equivalents	110	(54)
Cash and cash equivalents at beginning of period	290	431
Cash and cash equivalents at end of period	\$ 400	\$ 377

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 400	\$ 290
Restricted cash and cash equivalents	140	158
Accounts receivable, net		
Customer	2,278	2,433
Other	545	558
Mark-to-market derivative assets	847	917
Receivables from affiliates	141	156
Unamortized energy contract assets	103	88
Inventories, net		
Fossil fuel and emission allowances	222	292
Materials and supplies	957	935
Other	881	701
Total current assets	6,514	6,528
Property, plant and equipment, net	25,893	25,585
Deferred debits and other assets		
Nuclear decommissioning trust funds	12,362	11,061
Investments	435	418
Goodwill	47	47
Mark-to-market derivative assets	527	476
Prepaid pension asset	1,646	1,595
Pledged assets for Zion Station decommissioning	95	113
Unamortized energy contract assets	432	447
Deferred income taxes	10	16
Other	648	688
Total deferred debits and other assets	16,202	14,861
Total assets^(a)	\$ 48,609	\$ 46,974

See the Combined Notes to Consolidated Financial Statements

Table of Contents**EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	\$ 717	\$ 699
Long-term debt due within one year	1,156	1,117
Accounts payable	1,482	1,610
Accrued expenses	720	989
Payables to affiliates	145	137
Borrowings from Exelon intercompany money pool	54	55
Mark-to-market derivative liabilities	209	263
Unamortized energy contract liabilities	68	72
Renewable energy credit obligation	400	428
Other	286	313
Total current liabilities	5,237	5,683
Long-term debt	7,904	7,202
Long-term debt to affiliate	919	922
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,850	5,585
Asset retirement obligations	9,444	8,922
Non-pension postretirement benefit obligations	926	930
Spent nuclear fuel obligation	1,136	1,024
Payables to affiliates	2,776	2,608
Mark-to-market derivative liabilities	157	153
Unamortized energy contract liabilities	78	80
Payable for Zion Station decommissioning	3	14
Other	615	595
Total deferred credits and other liabilities	20,985	19,911
Total liabilities^(a)	35,045	33,718
Commitments and contingencies		
Equity		
Member s equity		
Membership interest	9,310	9,261
Undistributed earnings	2,534	2,275
Accumulated other comprehensive loss, net	(41)	(54)
Total member s equity	11,803	11,482
Noncontrolling interests	1,761	1,774
Total equity	13,564	13,256
Total liabilities and equity	\$ 48,609	\$ 46,974

- (a) Generation s consolidated assets include \$9,059 million and \$8,817 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation s consolidated liabilities include \$3,174 million and \$3,170 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 Variable Interest Entities.

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

(In millions)	Member s Equity		Accumulated	Noncontrolling	Total
	Membership	Undistributed	Other		
	Interest	Earnings	Comprehensive	Interests	Equity
			Loss, net		
Balance, December 31, 2016	\$ 9,261	\$ 2,275	\$ (54)	\$ 1,774	\$ 13,256
Net income (loss)		423		(14)	409
Changes in equity of noncontrolling interests				3	3
Distribution of net retirement benefit obligation to member	49				49
Distribution to member		(164)			(164)
Other comprehensive income (loss), net of income taxes			13	(2)	11
Balance, March 31, 2017	\$ 9,310	\$ 2,534	\$ (41)	\$ 1,761	\$ 13,564

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

(Unaudited)

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Electric operating revenues	\$ 1,293	\$ 1,244
Operating revenues from affiliates	5	5
Total operating revenues	1,298	1,249
Operating expenses		
Purchased power	329	343
Purchased power from affiliate	5	5
Operating and maintenance	307	305
Operating and maintenance from affiliate	63	63
Depreciation and amortization	208	189
Taxes other than income	72	75
Total operating expenses	984	980
Gain on sale of assets		5
Operating income	314	274
Other income and (deductions)		
Interest expense, net	(82)	(83)
Interest expense to affiliates	(3)	(3)
Other, net	4	4
Total other income and (deductions)	(81)	(82)
Income before income taxes	233	192
Income taxes	92	77
Net income	\$ 141	\$ 115
Comprehensive income	\$ 141	\$ 115

See the Combined Notes to Consolidated Financial Statements

Table of Contents**COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 141	\$ 115
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	208	189
Deferred income taxes and amortization of investment tax credits	137	70
Other non-cash operating activities	31	32
Changes in assets and liabilities:		
Accounts receivable	92	69
Receivables from and payables to affiliates, net	(16)	
Inventories	4	7
Accounts payable and accrued expenses	(327)	(207)
Collateral (posted) received, net	(7)	7
Income taxes	(34)	20
Pension and non-pension postretirement benefit contributions	(35)	(32)
Other assets and liabilities	(49)	14
Net cash flows provided by operating activities	145	284
Cash flows from investing activities		
Capital expenditures	(535)	(639)
Change in restricted cash	(1)	
Other investing activities	7	13
Net cash flows used in investing activities	(529)	(626)
Cash flows from financing activities		
Changes in short-term borrowings	365	349
Contributions from parent	100	39
Dividends paid on common stock	(105)	(91)
Other financing activities	(1)	(1)
Net cash flows provided by financing activities	359	296
Decrease in cash and cash equivalents	(25)	(46)
Cash and cash equivalents at beginning of period	56	67
Cash and cash equivalents at end of period	\$ 31	\$ 21

See the Combined Notes to Consolidated Financial Statements

Table of Contents**COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 31	\$ 56
Restricted cash	3	2
Accounts receivable, net		
Customer	461	528
Other	199	218
Receivables from affiliates	360	356
Inventories, net	154	159
Regulatory assets	183	190
Other	55	45
Total current assets	1,446	1,554
Property, plant and equipment, net	19,692	19,335
Deferred debits and other assets		
Regulatory assets	1,032	977
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,294	2,170
Prepaid pension asset	1,330	1,343
Other	331	325
Total deferred debits and other assets	7,618	7,446
Total assets	\$ 28,756	\$ 28,335

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Table of Contents**COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 365	\$
Long-term debt due within one year	1,125	425
Accounts payable	518	645
Accrued expenses	1,061	1,250
Payables to affiliates	52	65
Customer deposits	117	121
Regulatory liabilities	311	329
Mark-to-market derivative liability	19	19
Other	77	84
Total current liabilities	3,645	2,938
Long-term debt	5,910	6,608
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,502	5,364
Asset retirement obligations	121	119
Non-pension postretirement benefits obligations	234	239
Regulatory liabilities	3,492	3,369
Mark-to-market derivative liability	263	239
Other	523	529
Total deferred credits and other liabilities	10,135	9,859
Total liabilities	19,895	19,610
Commitments and contingencies		
Shareholders equity		
Common stock	1,588	1,588
Other paid-in capital	6,250	6,150
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,662	2,626
Total shareholders equity	8,861	8,725
Total liabilities and shareholders equity	\$ 28,756	\$ 28,335

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders Equity
Balance, December 31, 2016	\$ 1,588	\$ 6,150	\$ (1,639)	\$ 2,626	\$ 8,725
Net income			141		141
Appropriation of retained earnings for future dividends			(141)	141	
Common stock dividends				(105)	(105)
Contribution from parent		100			100
Balance, March 31, 2017	\$ 1,588	\$ 6,250	\$ (1,639)	\$ 2,662	\$ 8,861

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Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Electric operating revenues	\$ 589	\$ 643
Natural gas operating revenues	206	197
Operating revenues from affiliates	1	1
Total operating revenues	796	841
Operating expenses		
Purchased power	156	166
Purchased fuel	86	77
Purchased power from affiliate	45	78
Operating and maintenance	174	177
Operating and maintenance from affiliates	34	38
Depreciation and amortization	71	67
Taxes other than income	38	42
Total operating expenses	604	645
Operating income	192	196
Other income and (deductions)		
Interest expense, net	(28)	(28)
Interest expense to affiliates	(3)	(3)
Other, net	2	2
Total other income and (deductions)	(29)	(29)
Income before income taxes	163	167
Income taxes	36	43
Net income	\$ 127	\$ 124
Comprehensive income	\$ 127	\$ 124

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Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 127	\$ 124
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	71	67
Deferred income taxes and amortization of investment tax credits	24	23
Other non-cash operating activities	23	24
Changes in assets and liabilities:		
Accounts receivable	(25)	(51)
Receivables from and payables to affiliates, net	(10)	4
Inventories	19	24
Accounts payable and accrued expenses	(82)	18
Income taxes	25	29
Pension and non-pension postretirement benefit contributions	(23)	(29)
Other assets and liabilities	(85)	(95)
Net cash flows provided by operating activities	64	138
Cash flows from investing activities		
Capital expenditures	(159)	(195)
Changes in Exelon intercompany money pool	131	(160)
Other investing activities	1	4
Net cash flows used in investing activities	(27)	(351)
Cash flows from financing activities		
Dividends paid on common stock	(72)	(69)
Net cash flows used in financing activities	(72)	(69)
Decrease in cash and cash equivalents	(35)	(282)
Cash and cash equivalents at beginning of period	63	295
Cash and cash equivalents at end of period	\$ 28	\$ 13

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Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 28	\$ 63
Restricted cash and cash equivalents	4	4
Accounts receivable, net		
Customer	314	306
Other	122	131
Receivables from affiliates	6	4
Receivable from Exelon intercompany pool		131
Inventories, net		
Fossil fuel	14	35
Materials and supplies	29	27
Prepaid utility taxes	100	9
Regulatory assets	40	29
Other	21	18
Total current assets	678	757
Property, plant and equipment, net	7,659	7,565
Deferred debits and other assets		
Regulatory assets	1,708	1,681
Investments	25	25
Receivable from affiliates	482	438
Prepaid pension asset	361	345
Other	19	20
Total deferred debits and other assets	2,595	2,509
Total assets	\$ 10,932	\$ 10,831

See the Combined Notes to Consolidated Financial Statements

Table of Contents**PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER S EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 500	\$ 342
Accounts payable	288	104
Accrued expenses	92	63
Payables to affiliates	55	61
Customer deposits	62	127
Regulatory liabilities	161	30
Other	29	
Total current liabilities	1,187	727
Long-term debt		
	2,080	2,580
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,076	3,006
Asset retirement obligations	28	28
Non-pension postretirement benefits obligations	289	289
Regulatory liabilities	530	517
Other	88	85
Total deferred credits and other liabilities	4,011	3,925
Total liabilities	7,462	7,416
Commitments and contingencies		
Shareholder s equity		
Common stock	2,473	2,473
Retained earnings	996	941
Accumulated other comprehensive income, net	1	1
Total shareholder s equity	3,470	3,415
Total liabilities and shareholder s equity	\$ 10,932	\$ 10,831

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER S EQUITY

(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder s Equity
Balance, December 31, 2016	\$ 2,473	\$ 941	\$ 1	\$ 3,415
Net income		127		127
Common stock dividends		(72)		(72)
Balance, March 31, 2017	\$ 2,473	\$ 996	\$ 1	\$ 3,470

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

(Unaudited)

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Electric operating revenues	\$ 665	\$ 678
Natural gas operating revenues	281	246
Operating revenues from affiliates	5	5
Total operating revenues	951	929
Operating expenses		
Purchased power	133	127
Purchased fuel	83	75
Purchased power from affiliate	134	171
Operating and maintenance	148	168
Operating and maintenance from affiliates	35	34
Depreciation and amortization	128	109
Taxes other than income	62	58
Total operating expenses	723	742
Operating income	228	187
Other income and (deductions)		
Interest expense, net	(23)	(20)
Interest expense to affiliates	(4)	(4)
Other, net	4	4
Total other income and (deductions)	(23)	(20)
Income before income taxes	205	167
Income taxes	80	66
Net income	125	101
Preference stock dividends		3
Net income attributable to common shareholder	\$ 125	\$ 98
Comprehensive income	\$ 125	\$ 101
Comprehensive income attributable to preference stock dividends		3
Comprehensive income attributable to common shareholder	\$ 125	\$ 98

See the Combined Notes to Consolidated Financial Statements

Table of Contents**BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended	
	2017	March 31, 2016
Cash flows from operating activities		
Net income	\$ 125	\$ 101
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	128	109
Deferred income taxes and amortization of investment tax credits	72	26
Other non-cash operating activities	24	44
Changes in assets and liabilities:		
Accounts receivable	(7)	(44)
Receivables from and payables to affiliates, net	(7)	7
Inventories	17	17
Accounts payable and accrued expenses	(121)	3
Income taxes	33	78
Pension and non-pension postretirement benefit contributions	(44)	(38)
Other assets and liabilities	(52)	(30)
Net cash flows provided by operating activities	168	273
Cash flows from investing activities		
Capital expenditures	(166)	(176)
Change in restricted cash	(19)	(20)
Other investing activities	4	5
Net cash flows used in investing activities	(181)	(191)
Cash flows from financing activities		
Changes in short-term borrowings	50	(60)
Dividends paid on preference stock		(3)
Dividends paid on common stock	(49)	(45)
Contributions from parent		21
Other financing activities		1
Net cash flows provided by (used in) financing activities	1	(86)
Decrease in cash and cash equivalents	(12)	(4)
Cash and cash equivalents at beginning of period	23	9
Cash and cash equivalents at end of period	\$ 11	\$ 5

See the Combined Notes to Consolidated Financial Statements

Table of Contents**BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11	\$ 23
Restricted cash and cash equivalents	43	24
Accounts receivable, net		
Customer	393	395
Other	79	102
Receivables from affiliates	1	
Inventories, net		
Gas held in storage	10	30
Materials and supplies	41	38
Prepaid utility taxes	32	15
Regulatory assets	191	208
Other	11	7
Total current assets	812	842
Property, plant and equipment, net	7,166	7,040
Deferred debits and other assets		
Regulatory assets	499	504
Investments	12	12
Prepaid pension asset	322	297
Other	10	9
Total deferred debits and other assets	843	822
Total assets^(a)	\$ 8,821	\$ 8,704

See the Combined Notes to Consolidated Financial Statements

Table of Contents**BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 95	\$ 45
Long-term debt due within one year	41	41
Accounts payable	186	205
Accrued expenses	120	175
Payables to affiliates	49	55
Customer deposits	112	110
Regulatory liabilities	67	50
Other	23	26
Total current liabilities	693	707
Long-term debt	2,282	2,281
Long-term debt to financing trust	252	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,295	2,219
Asset retirement obligations	20	21
Non-pension postretirement benefits obligations	202	205
Regulatory liabilities	94	110
Other	59	61
Total deferred credits and other liabilities	2,670	2,616
Total liabilities^(a)	5,897	5,856
Commitments and contingencies		
Shareholders' equity		
Common stock	1,421	1,421
Retained earnings	1,503	1,427
Total shareholders' equity	2,924	2,848
Total liabilities and shareholders' equity	\$ 8,821	\$ 8,704

(a) BGE's consolidated assets include \$45 million and \$26 million at March 31, 2017 and December 31, 2016, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include \$42 million and \$42 million at March 31, 2017 and December 31, 2016, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 Variable Interest Entities.

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders Equity
Balance, December 31, 2016	\$ 1,421	\$ 1,427	\$ 2,848
Net income		125	125
Common stock dividends		(49)	(49)
Balance, March 31, 2017	\$ 1,421	\$ 1,503	\$ 2,924

See the Combined Notes to Consolidated Financial Statements

Table of Contents**PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

(In millions)	<i>Successor</i>		<i>Predecessor</i>
	Three Months Ended March 31, 2017	March 24 to March 31, 2016	January 1 to March 23, 2016
Operating revenues			
Electric operating revenues	\$ 1,097	\$ 90	\$ 1,096
Natural gas operating revenues	66	3	57
Operating revenues from affiliates	12	12	
Total operating revenues	1,175	105	1,153
Operating expenses			
Purchased power	288	26	471
Purchased fuel	29	1	26
Purchased power and fuel from affiliates	144	11	
Operating and maintenance	223	447	294
Operating and maintenance from affiliates	33	2	
Depreciation and amortization	167	14	152
Taxes other than income	111	15	105
Total operating expenses	995	516	1,048
Operating income (loss)	180	(411)	105
Other income and (deductions)			
Interest expense, net	(62)	(6)	(65)
Other, net	13	2	(4)
Total other income and (deductions)	(49)	(4)	(69)
Income (loss) before income taxes	131	(415)	36
Income taxes	(9)	(106)	17
Net income (loss)	\$ 140	\$ (309)	\$ 19
Comprehensive income (loss), net of income taxes			
Net income (loss)	\$ 140	\$ (309)	\$ 19
Other comprehensive income, net of income taxes			
Pension and non-pension postretirement benefit plans: Actuarial loss reclassified to periodic cost			1
Other comprehensive income			1
Comprehensive income (loss)	\$ 140	\$ (309)	\$ 20

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Table of Contents**PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	<i>Successor</i> Three Months Ended March 31, 2017	March 24 to March 31, 2016	<i>Predecessor</i> January 1 to March 23, 2016
Cash flows from operating activities			
Net income (loss)	\$ 140	\$ (309)	\$ 19
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	167	14	152
Deferred income taxes and amortization of investment tax credits	13	(112)	19
Net fair value changes related to derivatives			18
Other non-cash operating activities	(8)	410	46
Changes in assets and liabilities:			
Accounts receivable	68	16	(28)
Receivables from and payables to affiliates, net	(8)		
Inventories	(11)		(4)
Accounts payable and accrued expenses	(81)	(4)	42
Income taxes	55	7	12
Pension and non-pension postretirement benefit contributions	(66)		(4)
Other assets and liabilities	(75)	(25)	(8)
Net cash flows provided by (used in) operating activities	194	(3)	264
Cash flows from investing activities			
Capital expenditures	(320)	(29)	(273)
Changes in restricted cash	2	(1)	3
Purchases of investments		(2)	(68)
Other investing activities	(3)	2	(5)
Net cash flows used in investing activities	(321)	(30)	(343)
Cash flows from financing activities			
Changes in short-term borrowings	145	(20)	(121)
Proceeds from short-term borrowings with maturities greater than 90 days			500
Repayments of short-term borrowings with maturities greater than 90 days	(500)		
Issuance of long-term debt	1		
Retirement of long-term debt	(24)		(11)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation			2
Distribution to member	(69)	(108)	
Contribution from member	500		
Change in Exelon intercompany money pool	13	(7)	
Other financing activities			2
Net cash flows provided by (used in) financing activities	66	(135)	372
(Decrease) Increase in cash and cash equivalents	(61)	(168)	293
Cash and cash equivalents at beginning of period	170	319	26

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Cash and cash equivalents at end of period	\$ 109	\$ 151	\$ 319
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Table of Contents**PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	<i>Successor</i> December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 109	\$ 170
Restricted cash and cash equivalents	41	43
Accounts receivable, net		
Customer	440	496
Other	210	283
Inventories, net		
Gas held in storage	2	6
Materials and supplies	131	116
Regulatory assets	653	653
Other	64	71
Total current assets	1,650	1,838
Property, plant and equipment, net	11,801	11,598
Deferred debits and other assets		
Regulatory assets	2,791	2,851
Investments	133	133
Goodwill	4,005	4,005
Long-term note receivable	4	4
Prepaid pension asset	549	509
Deferred income taxes	5	6
Other	80	81
Total deferred debits and other assets	7,567	7,589
Total assets^(a)	\$ 21,018	\$ 21,025

See the Combined Notes to Consolidated Financial Statements

Table of Contents**PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	<i>Successor</i> December 31, 2016
LIABILITIES AND MEMBER S EQUITY		
Current liabilities		
Short-term borrowings	\$ 167	\$ 522
Long-term debt due within one year	241	253
Accounts payable	386	458
Accrued expenses	269	272
Payables to affiliates	84	94
Unamortized energy contract liabilities	320	335
Borrowings from Exelon intercompany money pool	13	
Customer deposits	121	123
Merger related obligation	74	101
Regulatory liabilities	82	79
Other	43	47
Total current liabilities	1,800	2,284
Long-term debt		
	5,619	5,645
Deferred credits and other liabilities		
Regulatory liabilities	154	158
Deferred income taxes and unamortized investment tax credits	3,789	3,775
Asset retirement obligations	14	14
Non-pension postretirement benefit obligations	129	134
Unamortized energy contract liabilities	701	750
Other	225	249
Total deferred credits and other liabilities	5,012	5,080
Total liabilities ^(a)	12,431	13,009
Commitments and contingencies		
Member s equity		
Membership interest	8,577	8,077
Undistributed earnings (losses)	10	(61)
Total member s equity	8,587	8,016
Total liabilities and member s equity	\$ 21,018	\$ 21,025

(a) PHI s consolidated total assets include \$44 million and \$49 million at March 31, 2017 and December 31, 2016, respectively, of PHI s consolidated VIE that can only be used to settle the liabilities of the VIE. PHI s consolidated total liabilities include \$129 million and \$143 million at March 31, 2017 and December 31, 2016, respectively, of PHI s consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 Variable Interest Entities.

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PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member s Equity
<i>Successor</i>			
Balance, December 31, 2016	\$ 8,077	\$ (61)	\$ 8,016
Net income		140	140
Distribution to member		(69)	(69)
Contribution from member	500		500
Balance, March 31, 2017	\$ 8,577	\$ 10	\$ 8,587

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POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Electric operating revenues	\$ 529	\$ 550
Operating revenues from affiliates	1	1
Total operating revenues	530	551
Operating expenses		
Purchased power	83	191
Purchased power from affiliates	83	6
Operating and maintenance	101	288
Operating and maintenance from affiliates	12	2
Depreciation and amortization	82	75
Taxes other than income	90	94
Total operating expenses	451	656
Operating income (loss)	79	(105)
Other income and (deductions)		
Interest expense, net	(29)	(37)
Other, net	8	9
Total other income and (deductions)	(21)	(28)
Income (loss) before income taxes	58	(133)
Income taxes		(25)
Net income (loss)	\$ 58	\$ (108)
Comprehensive income (loss)	\$ 58	\$ (108)

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Table of Contents**POTOMAC ELECTRIC POWER COMPANY****STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income (loss)	\$ 58	\$ (108)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	82	75
Deferred income taxes and amortization of investment tax credits	5	(31)
Other non-cash operating activities	(15)	153
Changes in assets and liabilities:		
Accounts receivable	45	(24)
Receivables from and payables to affiliates, net	(6)	55
Inventories	(10)	1
Accounts payable and accrued expenses	(49)	(4)
Income taxes	20	151
Pension and non-pension postretirement benefit contributions	(64)	(1)
Other assets and liabilities	(37)	(9)
Net cash flows provided by operating activities	29	258
Cash flows from investing activities		
Capital expenditures	(139)	(109)
Purchases of investments		(31)
Changes in restricted cash		2
Other investing activities	(5)	2
Net cash flows used in investing activities	(144)	(136)
Cash flows from financing activities		
Changes in short-term borrowings	144	(64)
Issuance of long-term debt	1	
Dividends paid on common stock	(30)	(39)
Other financing activities	(1)	
Net cash flows provided by (used in) financing activities	114	(103)
(Decrease) Increase in cash and cash equivalents	(1)	19
Cash and cash equivalents at beginning of period	9	5
Cash and cash equivalents at end of period	\$ 8	\$ 24

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Table of Contents**POTOMAC ELECTRIC POWER COMPANY****BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8	\$ 9
Restricted cash and cash equivalents	33	33
Accounts receivable, net		
Customer	199	235
Other	127	150
Inventories, net	73	63
Regulatory assets	173	162
Other	21	32
Total current assets	634	684
Property, plant and equipment, net	5,659	5,571
Deferred debits and other assets		
Regulatory assets	679	690
Investments	101	102
Prepaid pension asset	337	282
Other	7	6
Total deferred debits and other assets	1,124	1,080
Total assets	\$ 7,417	\$ 7,335

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Table of Contents**POTOMAC ELECTRIC POWER COMPANY****BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER S EQUITY		
Current liabilities		
Short-term borrowings	\$ 167	\$ 23
Long-term debt due within one year	17	16
Accounts payable	141	209
Accrued expenses	125	113
Payables to affiliates	68	74
Customer deposits	53	53
Regulatory liabilities	10	11
Merger related obligation	47	68
Other	23	29
Total current liabilities	651	596
Long-term debt		
	2,333	2,333
Deferred credits and other liabilities		
Regulatory liabilities	19	20
Deferred income taxes and unamortized investment tax credits	1,913	1,910
Non-pension postretirement benefit obligations	41	43
Other	132	133
Total deferred credits and other liabilities	2,105	2,106
Total liabilities	5,089	5,035
Commitments and contingencies		
Shareholder s equity		
Common stock	1,309	1,309
Retained earnings	1,019	991
Total shareholder s equity	2,328	2,300
Total liabilities and shareholder s equity	\$ 7,417	\$ 7,335

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POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER S EQUITY

(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder s Equity
Balance, December 31, 2016	\$ 1,309	\$ 991	\$ 2,300
Net income		58	58
Common stock dividends		(30)	(30)
Balance, March 31, 2017	\$ 1,309	\$ 1,019	\$ 2,328

See the Combined Notes to Consolidated Financial Statements

Table of Contents**DELMARVA POWER & LIGHT COMPANY****STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Electric operating revenues	\$ 294	\$ 301
Natural gas operating revenues	66	59
Operating revenues from affiliates	2	2
Total operating revenues	362	362
Operating expenses		
Purchased power	77	147
Purchased fuel	29	25
Purchased power from affiliate	51	4
Operating and maintenance	66	204
Operating and maintenance from affiliates	7	
Depreciation and amortization	39	39
Taxes other than income	15	15
Total operating expenses	284	434
Operating income (loss)	78	(72)
Other income and (deductions)		
Interest expense, net	(13)	(12)
Other, net	3	3
Total other income and (deductions)	(10)	(9)
Income (loss) before income taxes	68	(81)
Income taxes	11	(9)
Net income (loss)	\$ 57	\$ (72)
Comprehensive income (loss)	\$ 57	\$ (72)

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Table of Contents**DELMARVA POWER & LIGHT COMPANY****STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income (loss)	\$ 57	\$ (72)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	39	39
Deferred income taxes and amortization of investment tax credits	13	(4)
Other non-cash operating activities	(7)	118
Changes in assets and liabilities:		
Accounts receivable	6	4
Receivables from and payables to affiliates, net	1	20
Inventories	1	1
Accounts payable and accrued expenses	14	(3)
Income taxes	21	52
Other assets and liabilities	(23)	(8)
Net cash flows provided by operating activities	122	147
Cash flows from investing activities		
Capital expenditures	(82)	(81)
Other investing activities	2	
Net cash flows used in investing activities	(80)	(81)
Cash flows from financing activities		
Changes in short-term borrowings		(30)
Retirement of long-term debt	(14)	
Dividends paid on common stock	(30)	(38)
Net cash flows used in financing activities	(44)	(68)
Decrease in cash and cash equivalents	(2)	(2)
Cash and cash equivalents at beginning of period	46	5
Cash and cash equivalents at end of period	\$ 44	\$ 3

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Table of Contents**DELMARVA POWER & LIGHT COMPANY****BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 44	\$ 46
Accounts receivable, net		
Customer	131	136
Other	39	63
Receivables from affiliates		3
Inventories, net		
Gas held in storage	3	7
Materials and supplies	35	32
Regulatory assets	66	59
Other	21	24
Total current assets	339	370
Property, plant and equipment, net	3,334	3,273
Deferred debits and other assets		
Regulatory assets	301	289
Investments	1	
Goodwill	8	8
Prepaid pension asset	203	206
Other	5	7
Total deferred debits and other assets	518	510
Total assets	\$ 4,191	\$ 4,153

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Table of Contents**DELMARVA POWER & LIGHT COMPANY****BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER S EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 109	\$ 119
Accounts payable	106	88
Accrued expenses	44	36
Payables to affiliates	36	38
Customer deposits	36	36
Regulatory liabilities	47	43
Merger related obligation	4	13
Other	6	8
Total current liabilities	388	381
Long-term debt	1,217	1,221
Deferred credits and other liabilities		
Regulatory liabilities	95	97
Deferred income taxes and unamortized investment tax credits	1,072	1,056
Non-pension postretirement benefit obligations	17	19
Other	49	53
Total deferred credits and other liabilities	1,233	1,225
Total liabilities	2,838	2,827
Commitments and contingencies		
Shareholder s equity		
Common stock	764	764
Retained earnings	589	562
Total shareholder s equity	1,353	1,326
Total liabilities and shareholder s equity	\$ 4,191	\$ 4,153

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Table of Contents**DELMARVA POWER & LIGHT COMPANY****STATEMENT OF CHANGES IN SHAREHOLDER S EQUITY****(Unaudited)**

(In millions)	Common Stock	Retained Earnings	Total Shareholder s Equity
Balance, December 31, 2016	\$ 764	\$ 562	\$ 1,326
Net income		57	57
Common stock dividends		(30)	(30)
Balance, March 31, 2017	\$ 764	\$ 589	\$ 1,353

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)

(In millions)	Three Months Ended March 31,	
	2017	2016
Operating revenues		
Electric operating revenues	\$ 274	\$ 290
Operating revenues from affiliates	1	1
Total operating revenues	275	291
Operating expenses		
Purchased power	128	157
Purchased power from affiliates	9	1
Operating and maintenance	69	211
Operating and maintenance from affiliates	7	1
Depreciation and amortization	35	40
Taxes other than income	2	2
Total operating expenses	250	412
Operating income (loss)	25	(121)
Other income and (deductions)		
Interest expense, net	(15)	(16)
Other, net	2	4
Total other income and (deductions)	(13)	(12)
Income (loss) before income taxes	12	(133)
Income taxes	(16)	(33)
Net income (loss)	\$ 28	\$ (100)
Comprehensive income (loss)	\$ 28	\$ (100)

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Table of Contents**ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In millions)	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income (loss)	\$ 28	\$ (100)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	35	40
Deferred income taxes and amortization of investment tax credits	(7)	(33)
Other non-cash operating activities	2	132
Changes in assets and liabilities:		
Accounts receivable	14	5
Receivables from and payables to affiliates, net	(5)	20
Inventories	(1)	(2)
Accounts payable and accrued expenses	(5)	19
Income taxes	3	168
Other assets and liabilities	(6)	(3)
Net cash flows provided by operating activities	58	246
Cash flows from investing activities		
Capital expenditures	(88)	(101)
Changes in restricted cash	2	1
Other investing activities	1	
Net cash flows used in investing activities	(85)	(100)
Cash flows from financing activities		
Changes in short-term borrowings		(5)
Retirement of long-term debt	(10)	(11)
Dividends paid on common stock	(10)	(11)
Net cash flows used in financing activities	(20)	(27)
(Decrease) Increase in cash and cash equivalents	(47)	119
Cash and cash equivalents at beginning of period	101	3
Cash and cash equivalents at end of period	\$ 54	\$ 122

See the Combined Notes to Consolidated Financial Statements

Table of Contents**ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 54	\$ 101
Restricted cash and cash equivalents	7	9
Accounts receivable, net		
Customer	111	125
Other	41	44
Inventories, net	23	22
Regulatory assets	94	96
Other	3	2
Total current assets	333	399
Property, plant and equipment, net	2,583	2,521
Deferred debits and other assets		
Regulatory assets	407	405
Long-term note receivable	4	4
Prepaid pension asset	82	84
Other	42	44
Total deferred debits and other assets	535	537
Total assets^(a)	\$ 3,451	\$ 3,457

See the Combined Notes to Consolidated Financial Statements

Table of Contents**ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 33	\$ 35
Accounts payable	125	132
Accrued expenses	50	38
Payables to affiliates	24	29
Customer deposits	32	33
Regulatory liabilities	25	25
Merger related obligation	22	20
Other	9	8
Total current liabilities	320	320
Long-term debt	1,112	1,120
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	911	917
Non-pension postretirement benefit obligations	33	34
Other	23	32
Total deferred credits and other liabilities	967	983
Total liabilities^(a)	2,399	2,423
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	140	122
Total shareholder's equity	1,052	1,034
Total liabilities and shareholder's equity	\$ 3,451	\$ 3,457

(a) ACE's consolidated total assets include \$30 million and \$32 million at March 31, 2017 and December 31, 2016, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include \$115 million and \$126 million at March 31, 2017 and December 31, 2016, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 - Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER S EQUITY

(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder s Equity
Balance, December 31, 2016	\$ 912	\$ 122	\$ 1,034
Net income		28	28
Common stock dividends		(10)	(10)
Balance, March 31, 2017	\$ 912	\$ 140	\$ 1,052

See the Combined Notes to Consolidated Financial Statements

Table of Contents**COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
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
Atlantic City Electric Company

1. Significant Accounting Policies (All Registrants)**Description of Business (All Registrants)**

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016, Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016, in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

Generation: Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

ComEd: Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.

PECO: Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

BGE: Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in millions, except per share data, unless otherwise noted)

Pepco: Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

DPL: Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

ACE: Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

As a result of the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016, acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires the assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016, acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly-owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016, disclosures that had solely related to PHI, Pepco, DPL or ACE activities now also apply to Exelon, unless otherwise noted.

In the second quarter of 2016, an error was identified and corrected related to the PHI successor period Consolidated Statement of Cash Flows for the period March 24, 2016 to March 31, 2016. The \$46 million classification error related to the presentation of changes in Receivables from and payables to affiliates, net within Cash flows from operating activities and Change in Exelon intercompany money pool within Cash flows from financing activities. As revised for the first quarter of 2017, the successor period statement of cash flows for the period March 24, 2016 to March 31, 2016 presents Cash flows used in operating activities of \$3 million, a decrease of \$46 million from the originally reported amount, and Cash flows used in financing activities of \$135 million, a decrease of \$46 million from the originally reported amount. Management has concluded that the error is not material to the previously issued financial statements.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of March 31, 2017 and 2016 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2016 Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2017. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

Table of Contents**COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in millions, except per share data, unless otherwise noted)****2. New Accounting Standards (All Registrants)**

New Accounting Standards Issued and Not Yet Adopted: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements. Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation such standards will not significantly impact the Registrants' financial reporting.

Revenue from Contracts with Customers (Issued May 2014 and subsequently amended to address implementation questions): Changes the criteria for recognizing revenue from a contract with a customer. The new revenue recognition guidance, including subsequent amendments, is effective for annual reporting periods beginning on or after December 15, 2017, with the option to early adopt the standard for annual periods beginning on or after December 15, 2016. The Registrants do not plan to early adopt the standard.

The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows. In addition, the Registrants will be required to capitalize costs to acquire new contracts, and amortize such costs in a manner consistent with the transfer to the customer of the associated goods or services. Exelon currently expenses those costs as incurred. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method).

The Registrants continue to assess the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. In performing this assessment, the Registrants have utilized a project implementation team comprised of both internal and external resources to conduct the following key activities:

Actively participate in the AICPA Power and Utilities Industry Task Force (Industry Task Force) process to identify implementation issues and support the development of related implementation guidance;

Evaluate existing contracts and revenue streams for potential changes in the amounts and timing of recognizing revenues under the new guidance;

Evaluate and select the transition method; and

Develop and implement the approach and process for complying with the new revenue recognition disclosure requirements.

While there continues to be some ongoing activities in all of these areas, the Registrants have substantially completed the evaluation of their collective contracts and revenue streams, as well as the evaluation of the