

PECO ENERGY CO
Form 8-K
September 11, 2018

UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
September 11, 2018
Date of Report (Date of earliest event
reported)

| Commission File Number | Exact Name of Registrant as Specified in Its Charter; State of Incorporation; Address of Principal Executive Offices; and Telephone Number | IRS Employer Identification Number |
|---------------------------|---|--|
| 000-16844 | PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000 | 23-0970240 |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether any of the registrants are emerging growth companies as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if any of the registrants have 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.

Section 1 - Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

On September 11, 2018, PECO Energy Company (PECO) issued an additional \$325 million aggregate principal amount of its First and Refunding Mortgage Bonds, 3.900% Series due March 1, 2048. See Item 2.03 below for a description of the Bonds and related agreements.

Section 2 - Financial Information

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

On September 11, 2018, PECO issued an additional \$325 million aggregate principal amount of its First and Refunding Mortgage Bonds, 3.900% Series due March 1, 2048. The Bonds were issued pursuant to PECO's First and Refunding Mortgage, dated as of May 1, 1923, as amended and supplemented and as further amended and supplemented by the One Hundred and Sixteenth Supplemental Indenture, dated as of September 1, 2018 (116th Supplemental Indenture). The proceeds of the Bonds will be used by PECO to satisfy short-term borrowings from the Exelon intercompany money pool and for general corporate purposes. The Bonds were registered under the Securities Act of 1933, as amended, pursuant to a shelf registration statement on Form S-3 (Registration No. 333-213383-04).

Interest on the Bonds is payable semi-annually on March 1 and September 1, commencing on March 1, 2019. The Bonds are redeemable in whole or in part at PECO's option (i) at any time prior to September 1, 2047, at a redemption price equal to the greater of (a) 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, or (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed (excluding interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 12.5 basis points, plus accrued and unpaid interest to the redemption date, or (ii) at any time on or after September 1, 2047, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date. The form of the Bonds is attached to this Current Report as Exhibit 4.1 and is incorporated herein by reference.

In connection with the issuance of the Bonds, Ballard Spahr LLP provided PECO with the legal opinions attached to this Current Report as Exhibit 5.1 and Exhibit 8.1.

A copy of the Underwriting Agreement dated September 4, 2018 among PECO, CIBC World Markets Corp., Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, PNC Capital Markets LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein is filed as Exhibit 1.1 to this Current Report.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed herewith and are exhibits to the Registration Statement on Form S-3, Registration No. 333-213383-04, as noted below:

| Exhibit No. | Description |
|-------------|--|
| 1.1 | Underwriting Agreement dated September 4, 2018 among PECO, CIBC World Markets Corp., Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, PNC Capital Markets LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein |
| 4.1 | One Hundred and Sixteenth Supplemental Indenture dated as of September 1, 2018 from PECO to U.S. Bank National Association, as trustee |
| 5.1 | Opinion of Ballard Spahr LLP |
| 8.1 | Opinion of Ballard Spahr LLP |
| 12.1 | Statement regarding computation of the ratio of earnings to fixed charges for the six months ended June 30, 2018 |

* * * * *

This Current Report includes 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 these forward-looking statements include those discussed herein as well as those discussed in (1) PECO's 2017 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23, Commitments and Contingencies; (2) PECO's Second Quarter 2018 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by PECO. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Current Report. PECO does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Current Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PECO ENERGY COMPANY

/s/ SCOTT A. BAILEY

Scott A. Bailey

Vice President and Controller

PECO Energy Company

September 11, 2018

EXHIBIT INDEX

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