

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**

<b>Commission</b>	<b>Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number</b>	<b>IRS Employer Identification Number</b>
<b>File Number</b>		
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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**Table of Contents****GLOSSARY OF TERMS AND ABBREVIATIONS****Exelon Corporation and Related Entities**

<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

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<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&amp;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>EPISA</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&amp;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](http://www.sec.gov) and the Registrants' websites at [www.exeloncorp.com](http://www.exeloncorp.com). Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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**Table of Contents****EXELON CORPORATION AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

<b>(In millions, except per share data)</b>	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating revenues</b>		
Competitive businesses revenues	\$ 4,560	\$ 4,473
Rate-regulated utility revenues	4,197	3,100
<b>Total operating revenues</b>	<b>8,757</b>	<b>7,573</b>
<b>Operating expenses</b>		
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
<b>Total operating expenses</b>	<b>7,691</b>	<b>7,099</b>
<b>Gain on sales of assets</b>	<b>4</b>	<b>9</b>
<b>Bargain purchase gain</b>	<b>226</b>	
<b>Operating income</b>	<b>1,296</b>	<b>483</b>
<b>Other income and (deductions)</b>		
Interest expense, net	(363)	(277)
Interest expense to affiliates	(10)	(10)
Other, net	283	114
<b>Total other income and (deductions)</b>	<b>(90)</b>	<b>(173)</b>
<b>Income before income taxes</b>	<b>1,206</b>	<b>310</b>
<b>Income taxes</b>	<b>215</b>	<b>184</b>
<b>Equity in losses of unconsolidated affiliates</b>	<b>(10)</b>	<b>(3)</b>
<b>Net income</b>	<b>981</b>	<b>123</b>
<b>Net loss attributable to noncontrolling interests and preference stock dividends</b>	<b>(14)</b>	<b>(50)</b>
<b>Net income attributable to common shareholders</b>	<b>\$ 995</b>	<b>\$ 173</b>
<b>Comprehensive income, net of income taxes</b>		
Net income	\$ 981	\$ 123
<b>Other comprehensive income (loss), net of income taxes</b>		
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)
<b>Other comprehensive (loss) income</b>	<b>(12)</b>	<b>28</b>
<b>Comprehensive income</b>	<b>969</b>	<b>151</b>
<b>Comprehensive loss attributable to noncontrolling interests and preference stock dividends</b>	<b>(16)</b>	<b>(50)</b>
<b>Comprehensive income attributable to common shareholders</b>	<b>\$ 985</b>	<b>\$ 201</b>
<b>Average shares of common stock outstanding:</b>		
Basic	928	923
Diluted	930	925
<b>Earnings per average common share:</b>		
Basic	\$ 1.07	\$ 0.19
Diluted	\$ 1.07	\$ 0.19
<b>Dividends declared per common share</b>	<b>\$ 0.33</b>	<b>\$ 0.31</b>

See the Combined Notes to Consolidated Financial Statements

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

<b>(In millions)</b>	<b>Three Months Ended</b>	
	<b>2017</b>	<b>March 31, 2016</b>
<b>Cash flows from operating activities</b>		
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)
<b>Net cash flows provided by operating activities</b>	<b>1,201</b>	<b>1,473</b>
<b>Cash flows from investing activities</b>		
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)
<b>Net cash flows used in investing activities</b>	<b>(2,411)</b>	<b>(8,548)</b>
<b>Cash flows from financing activities</b>		
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
<b>Net cash flows provided by financing activities</b>	<b>1,184</b>	<b>1,533</b>



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<b>Decrease in cash and cash equivalents</b>	(26)	(5,542)
<b>Cash and cash equivalents at beginning of period</b>	635	6,502
<b>Cash and cash equivalents at end of period</b>	\$ 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
<b>ASSETS</b>		
<b>Current assets</b>		
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
<b>Property, plant and equipment, net</b>	<b>72,630</b>	<b>71,555</b>
<b>Deferred debits and other assets</b>		
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
<b>Total assets<sup>(a)</sup></b>	<b>\$ 117,068</b>	<b>\$ 114,904</b>

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
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
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
<b>Long-term debt</b>		
Long-term debt to financing trusts	641	641
<b>Deferred credits and other liabilities</b>		
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 <sup>(a)</sup>	88,777	87,292
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
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

<b>Total liabilities and shareholders' equity</b>	\$ 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.

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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
<b>Balance, December 31, 2016</b>	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)
<b>Balance at March 31, 2017</b>	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
<b>Operating revenues</b>		
Operating revenues	\$ 4,558	\$ 4,471
Operating revenues from affiliates	330	268
Total operating revenues	4,888	4,739
<b>Operating expenses</b>		
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
<b>Gain on sales of assets</b>	4	
<b>Bargain purchase gain</b>	226	
<b>Operating income</b>	387	415
<b>Other income and (deductions)</b>		
Interest expense, net	(90)	(87)
Interest expense to affiliates	(10)	(10)
Other, net	259	93
Total other income and (deductions)	159	(4)
<b>Income before income taxes</b>	546	411
<b>Income taxes</b>	127	151
<b>Equity in losses of unconsolidated affiliates</b>	(10)	(3)
<b>Net income</b>	409	257
<b>Net loss attributable to noncontrolling interests</b>	(14)	(53)
<b>Net income attributable to membership interest</b>	\$ 423	\$ 310
<b>Comprehensive income, net of income taxes</b>		
Net income	\$ 409	\$ 257
<b>Other comprehensive income (loss), net of income taxes</b>		
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)
<b>Comprehensive income</b>	420	256
<b>Comprehensive loss attributable to noncontrolling interests</b>	(16)	(53)
<b>Comprehensive income attributable to membership interest</b>	\$ 436	\$ 309

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

<b>(In millions)</b>	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
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
<b>Cash flows from investing activities</b>		
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)
<b>Cash flows from financing activities</b>		
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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<b>Increase (Decrease) in cash and cash equivalents</b>	110	(54)
<b>Cash and cash equivalents at beginning of period</b>	290	431
<b>Cash and cash equivalents at end of period</b>	\$ 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
<b>ASSETS</b>		
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>6,514</b>	<b>6,528</b>
<b>Property, plant and equipment, net</b>	<b>25,893</b>	<b>25,585</b>
<b>Deferred debits and other assets</b>		
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
<b>Total deferred debits and other assets</b>	<b>16,202</b>	<b>14,861</b>
<b>Total assets<sup>(a)</sup></b>	<b>\$ 48,609</b>	<b>\$ 46,974</b>

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
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>5,237</b>	<b>5,683</b>
<b>Long-term debt</b>	<b>7,904</b>	<b>7,202</b>
<b>Long-term debt to affiliate</b>	<b>919</b>	<b>922</b>
<b>Deferred credits and other liabilities</b>		
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
<b>Total deferred credits and other liabilities</b>	<b>20,985</b>	<b>19,911</b>
<b>Total liabilities<sup>(a)</sup></b>	<b>35,045</b>	<b>33,718</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Member s equity		
Membership interest	9,310	9,261
Undistributed earnings	2,534	2,275
Accumulated other comprehensive loss, net	(41)	(54)
<b>Total member s equity</b>	<b>11,803</b>	<b>11,482</b>
Noncontrolling interests	1,761	1,774
<b>Total equity</b>	<b>13,564</b>	<b>13,256</b>
<b>Total liabilities and equity</b>	<b>\$ 48,609</b>	<b>\$ 46,974</b>

- (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		
<b>Balance, December 31, 2016</b>	\$ 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
<b>Balance, March 31, 2017</b>	\$ 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
<b>Operating revenues</b>		
Electric operating revenues	\$ 1,293	\$ 1,244
Operating revenues from affiliates	5	5
<b>Total operating revenues</b>	<b>1,298</b>	<b>1,249</b>
<b>Operating expenses</b>		
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
<b>Total operating expenses</b>	<b>984</b>	<b>980</b>
Gain on sale of assets		5
<b>Operating income</b>	<b>314</b>	<b>274</b>
<b>Other income and (deductions)</b>		
Interest expense, net	(82)	(83)
Interest expense to affiliates	(3)	(3)
Other, net	4	4
<b>Total other income and (deductions)</b>	<b>(81)</b>	<b>(82)</b>
<b>Income before income taxes</b>	<b>233</b>	<b>192</b>
<b>Income taxes</b>	<b>92</b>	<b>77</b>
<b>Net income</b>	<b>\$ 141</b>	<b>\$ 115</b>
<b>Comprehensive income</b>	<b>\$ 141</b>	<b>\$ 115</b>

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

<b>(In millions)</b>	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
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
<b>Cash flows from investing activities</b>		
Capital expenditures	(535)	(639)
Change in restricted cash	(1)	
Other investing activities	7	13
Net cash flows used in investing activities	(529)	(626)
<b>Cash flows from financing activities</b>		
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
<b>Decrease in cash and cash equivalents</b>	<b>(25)</b>	<b>(46)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>56</b>	<b>67</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 31</b>	<b>\$ 21</b>

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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
<b>ASSETS</b>		
<b>Current assets</b>		
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
<b>Property, plant and equipment, net</b>	<b>19,692</b>	<b>19,335</b>