

Richard G. Webster, Jr.
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September 28, 2018

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

Re: Securities Certificate of PECO Energy Company in respect of up to \$2,500,000,000 principal amount of PECO Energy Company Collateralized Notes secured by up to \$2,500,000,000 Principal Amount of PECO Energy Company First and Refunding Mortgage Bonds, Securities Certificate No. S-

Dear Secretary Chiavetta,

Enclosed for filing in the above-captioned matter is PECO Energy Company's Securities Certificate.

This filing contains the following Exhibits: A-G-1, M-S. Exhibits G2-L will be filed later as described on page 15 of the Securities Certificate.

Please note that this is the second of four Securities Certificate filings that PECO is making today. All are being e-filed under separate cover letters.

PECO's check for the required filing fee is being filed under separate cover.

Should you have any questions concerning this filing, please contact me at 215-841-5777.

Sincerely,



Cc: P. T. Diskin, Director – Bureau of Technical Utility Services

BEFORE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN RE:	Securities Certificate of PECO Energy	:	
	Company in respect of up to	:	Securities
	\$2,500,000,000 principal amount of	:	Certificate No.
	PECO Energy Company Collateralized	:	
	Notes secured by up to \$2,500,000,000	:	
	Principal Amount of PECO Energy Company	:	
	First and Refunding Mortgage Bonds	:	

TO PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. The name and address of the public utility filing this Securities Certificate:

PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101

2. The name and address of the public utility's attorneys:

Ward Smith, Esquire
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51st floor
Philadelphia, PA 19103-7599

3. PECO Energy Company (the "Company") is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. The Company provides electric delivery service to approximately 1.6 million customers and natural gas delivery service to approximately 500,000 customers in southeastern Pennsylvania. The Company furnishes electric services within its authorized service territory in Bucks, Chester, Delaware, Montgomery and York Counties and the City of Philadelphia. The Company is a "public utility," as defined in 66 Pa.C.S. § 2803.
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4. Control of the Company:

All of the common stock of the Company is owned by Exelon Energy Delivery Company, LLC, a Pennsylvania limited liability company of which Exelon Corporation, a Pennsylvania corporation (“Exelon”), is the sole member.

5. The Company is filing this Securities Certificate and three related Securities Certificates in order to obtain authorization from the Commission to issue up to an aggregate of \$2.5 billion of long-term debt on or prior to December 31, 2021. The four Securities Certificates filed by the Company relate to the four types of long-term debt securities that the Company may issue, namely, (i) senior secured debt consisting of first and refunding mortgage bonds (“First Mortgage Bonds”), (ii) senior unsecured debt (“Senior Unsecured Debt”), (iii) debt collateralized by the Company’s First Mortgage Bonds (“Collateralized Notes”) and (iv) subordinated unsecured debt (“Subordinated Debt”) (collectively, the First Mortgage Bonds, the Senior Unsecured Debt, the Collateralized Notes and the Subordinated Debt are hereinafter referred to as the “Debt Securities”). The First Mortgage Bonds will be issued by the Company under its indenture dated May 1, 1923 and will be secured by a first lien on substantially all of the Company’s property. The Senior Unsecured Debt may be issued in the form of bank loans, which may be evidenced by notes, or notes issued through public offerings or private placements. The Collateralized Notes will be notes secured by the Company’s First Mortgage Bonds and may be issued as bank loans or through public offerings or private placements, including medium-term note programs. The Subordinated Debt may be issued directly to investors through private placements or public offerings or to financing trusts or other financing entities formed by the Company or a subsidiary of the Company for the purpose of issuing trust preferred securities or other pass-through type securities.

The four Securities Certificates will replace four Securities Certificates registered by the Commission by Orders dated November 19, 2015 pertaining to \$2.5 billion aggregate principal amount of Debt Securities (See Securities Certificates Nos. S-2015-2505964, S-2015-2505969, S-2015-2505971 and S-2015-2505972). Under the terms of the Prior Securities Certificates registered on November 19, 2015, the authority to issue debt securities thereunder expires on December 31, 2018. Therefore, the Company hereby requests orders from the Commission

canceling the remaining unused capacity under the Prior Securities Certificates and registering this Securities Certificate and the three Securities Certificates filed concurrently herewith, authorizing the issuance of up to \$2.5 billion aggregate principal amount of Debt Securities as more fully described below.

The four separate Securities Certificates are being filed to register the Debt Securities that may be offered by the Company. The aggregate principal amount of funds raised by the Company plus long-term bank commitments for revolving credit facilities under which borrowings may be paid and re-borrowed under these Securities Certificates will not exceed \$2.5 billion, and the principal amount of the Debt Securities to be issued and outstanding from time to time by the Company pursuant to the Securities Certificates will not exceed \$2.5 billion plus the principal amount of Mortgage Bonds issued as collateral for Collateralized Notes and the principal amount of any bank loans relating to a liquidity or credit facility with respect to Collateralized Notes issued as remarketed notes.

The Company may issue the Debt Securities during the next three years for general corporate purposes, including to pay maturing debt, to take advantage of refunding opportunities, to renew, replace or expand its credit facilities (or bank commitments thereunder) that have terms of one year or longer, to finance capital expenditures or finance acquisitions, to make contributions to pension plans and to repay maturing commercial paper or other short-term obligations incurred for such purposes. The Company desires to maintain the flexibility to sell Debt Securities in one or more sales or issuances, either publicly through competitive bidding, agency arrangements, negotiated underwritings or continuous offerings or privately through direct placements or bank borrowings, with the maturities, redemption provisions, sinking fund provisions and other terms including, in some cases, delayed deliveries, to be established separately for each sale or issuance.

The key to taking advantage of this flexibility is for the Company to be able to move quickly when a favorable market opportunity arises. Accordingly, it is proposed that up to \$2.5 billion of Debt Securities be authorized by the Commission for issuance by the Company in one or more sales or issuances of Debt Securities, from time to time over a period of three years from the date of entry of the order by the Commission in various amounts and with various interest

rates, terms and maturities. Therefore, the Company requests orders from the Commission registering this Securities Certificate and the Securities Certificates filed concurrently herewith, pursuant to which the Company would sell or issue each issue or series of Debt Securities.

The type of debt, the definitive size and method of each sale or issuance, the dates of issue and maturities, certain terms of the Debt Securities such as, but not limited to, the interest rates, redemption and refunding provisions, and details of any sinking fund, will be determined at the time of each sale or issuance and such information will be supplied to the Commission promptly thereafter. In addition, a full, detailed summary will be given to the Commission of the terms and conditions of the Debt Securities issued and the specific use of the proceeds therefrom pursuant to the Securities Certificates. The exact amount of the Debt Securities to be sold or issued in each sale will depend on market acceptance.

EXACT TITLE OF ISSUE:

The Collateralized Notes issued as medium-term notes will be designated as PECO Energy Company Collateralized Medium-Term Notes, Series ___ to be issued in one or more series. The Collateralized Notes issued as remarketed notes will be designated as PECO Energy Company Remarketed Secured Notes, Series ___ to be issued in one or more series. The Collateralized Notes issued as senior notes will be designated as PECO Energy Company Senior Notes, Series __ to be issued in one or more series. The Collateralized Notes will be issued periodically pursuant to a note indenture with a trustee to be selected by the Company to be filed as Exhibit J. Reference is made thereto or to the Collateralized Note Indenture for a complete description to the Collateralized Notes issued as medium-term notes. A copy of any Underwriting Agreement, Purchase Agreement or Agency Agreement pertaining to the Collateralized Notes will be filed as Exhibit L.

Borrowings under bank credit facilities, including any reimbursement obligation of the Company with respect to letters of credit issued by the banks, may be evidenced by Collateralized Notes issued by the Company to each lender ("Bank Notes"). If the Company issues Bank Notes, the title of the security is "PECO Energy Company Notes" to be issued under the bank credit facilities.

The Collateralized Notes issued as medium-term notes, remarketed notes, senior notes or Bank Notes will be collateralized by the Mortgage Bonds, which will be designated as PECO Energy Company First and Refunding Mortgage Bonds, ___% Collateralized Series due ____, to be issued and pledged by the Company to the Note Trustee for the benefit of the holders of the Collateralized Notes (in the case of Bank Notes, to the Mortgage Trustee or a collateral trustee for the benefit of the lenders). For additional information with respect to the Mortgage Bonds to be issued as collateral or the Collateralized Notes, see the Securities Certificate filed concurrently herewith with respect to the Mortgage Bonds.

AGGREGATE PRINCIPAL AMOUNT TO BE ISSUED:

The aggregate principal amount of Collateralized Notes to be issued pursuant to this Securities Certificate will not be more than \$2.5 billion, less amounts issued pursuant to the other Securities Certificates being filed concurrently with this Securities Certificate. The Collateralized Notes will be secured by Mortgage Bonds in an aggregate principal amount equal to the principal amount of the Collateralized Notes, which will be pledged to the Note Trustee for the benefit of the holders of the Collateralized Notes (in the case of Bank Notes, to the Mortgage Trustee or a collateral trustee for the benefit of the lenders). See explanation beginning on page 2. Collateralized Notes will be issued pursuant to a medium-term note program and/or a remarketed note program or as senior notes and/or as Bank Notes.

NOMINAL DATE OF ISSUE:

To be determined later. See explanation beginning on page 3.

The Collateralized Notes issued as medium-term notes will be issued periodically as determined by the Company. At the initiation of a note program for Collateralized Notes, the Company will establish the terms of the Mortgage Bonds. Mortgage Bonds will be issued from time to time during the note program for the Collateralized Notes so that the principal amount of the Mortgage Bonds held by the Note Trustee will always equal the principal amount of the Collateralized Notes then outstanding.

The Collateralized Notes issued as remarketed notes will be issued in series from time to time as determined by the Company. Concurrently with the issuance of each series of Collateralized Notes issued as remarketed notes, the Company would issue a corresponding series of Mortgage Bonds as security therefor.

The Collateralized Notes issued as senior notes will be issued from time to time as determined by the Company. The terms of the Mortgage Bonds will correspond to the terms of the senior notes and, unless surrendered to the Mortgage Trustee for cancellation, will always be held as security for the senior notes.

The Collateralized Notes issued as Bank Notes will be issued from time to time as determined by the Company. The terms of the Mortgage Bonds will correspond to the terms of the Bank Notes and, unless surrendered to the Mortgage Trustee for cancellation, will always be held as security for the Bank Notes.

DATE OF MATURITY OR MATURITIES:

The maturity date of each Collateralized Note issued as part of a medium-term note program will be determined at the time of issuance and may vary among Collateralized Notes. The Mortgage Bonds securing a series of Collateralized Notes will have a fixed maturity date which will be established by the Company at the date of initial issuance of such Mortgage Bonds.

Each series of Collateralized Notes issued as remarketed notes would have a fixed maturity date; however, the Collateralized Notes would be subject to periodic mandatory purchase by the Company or a liquidity provider designated by the Company. The intervals for mandatory purchase would be selected by the Company and could be changed from time to time by the Company. The Company would appoint a remarketing agent (the "Remarketing Agent") to resell Collateralized Notes required to be purchased by the Company upon mandatory purchase.

The maturity date of each series of Collateralized Notes issued as senior notes will be determined at time of issuance and may vary among series. The Mortgage Bonds securing a series of senior notes will have the same maturity as the senior notes provided that such

Mortgage Bonds may be surrendered to the Mortgage Trustee prior to the maturity of the senior notes if certain conditions relating to mortgage bonds outstanding and not held by the Senior Note Trustee are met.

The maturity date of each series of Collateralized Notes issued as Bank Notes will be determined at time of issuance and may vary among series. The Mortgage Bonds securing a series of Bank Notes will have the same maturity as the Bank Notes provided that such Mortgage Bonds may be surrendered to the Mortgage Trustee prior to the maturity of the senior notes if certain conditions relating to mortgage bonds outstanding and not held by the Mortgage Trustee or collateral trustee are met.

FEES PAYABLE IN CONNECTION WITH OFFERING OF COLLATERALIZED NOTES:

The Company will pay customary underwriting fees in connection with the offering of the Collateralized Notes.

INTEREST RATES AND PAYMENT DATES:

To be determined later. See explanation beginning on page 3. The interest rate of each Collateralized Note issued as part of a medium-term note program will be established at the time of issuance of such Collateralized Note and may vary among Collateralized Notes. Semi-annual interest payment dates for all of the Collateralized Notes of a note program will be established at the initiation of the note program. Interest on a Collateralized Note will also be payable at the maturity of that Note.

The Collateralized Notes issued as remarketed notes will bear interest in one of several permitted interest modes. The permitted interest modes may include the following:

- (i) a Daily Rate for all Collateralized Notes of the same series to be determined on each Business Day;
- (ii) a Weekly Rate for all Collateralized Notes of the same series to be determined weekly;

- (iii) a 30-Day Rate for all Collateralized Notes of the same series to be determined on the first Business Day of such interest rate period;
- (iv) a 60-Day Rate for all Collateralized Notes of the same series to be determined on the first Business Day of such interest rate period;
- (v) a 90-Day Rate for all Collateralized Notes of the same series to be determined on the first Business Day of such interest rate period;
- (vi) a 180-Day Rate for all Collateralized Notes of the same series to be determined on the first Business Day of such interest rate period;
- (vii) a Long-Term Rate for all Collateralized Notes of the same series to be determined on the first Business Day of such interest rate period;
- (viii) a Fixed Rate for all Collateralized Notes of the same series to be determined on the date of conversion to such Fixed Rate and to be in effect until the redemption or the final maturity of that series of Notes.

If the Collateralized Notes bear interest in one of the above-permitted interest rate modes, each interest rate for the Collateralized Notes, regardless of the interest rate mode, will be the rate determined by the Remarketing Agent to be the rate necessary to enable the Remarketing Agent to sell such Collateralized Notes at par, plus accrued interest. The interest rate mode for the Collateralized Notes of a series may be converted by the Company to a different permitted interest rate mode. It is expected that interest on the Collateralized Notes issued with a 30-, 60-, 90-, or 180-Day Rate will be payable on each interest rate adjustment date. With respect to the Daily or Weekly Rate, interest will be payable monthly. With a Long-Term Rate or a Fixed Rate, interest will be payable semi-annually. The interest rate on each series of senior notes will be established at the time of issuance of such Collateralized Notes. Interest will be paid semi-annually.

The Mortgage Bonds securing a series of Collateralized Notes will have a single interest rate and semi-annual interest payment dates, which in the case of Mortgage Bonds securing Collateralized Notes issued as medium-term notes will correspond to the semi-annual interest

payment dates for the Collateralized Notes issued as medium-term notes or senior notes. The interest payment dates for the Mortgage Bonds will be established by the Company at the date of initial issuance of such Mortgage Bonds. Each series of Mortgage Bonds securing Collateralized Notes will have a stated interest rate equal to the actual or maximum interest rate for that series of Collateralized Notes; however, interest on the Mortgage Bonds shall not accrue or be payable unless the Company defaults on its obligation to pay interest on the Collateralized Notes.

EXTENT TO WHICH TAXES ON COLLATERALIZED NOTES ARE ASSUMED BY THE ISSUER:

No taxes on the Collateralized Notes are to be assumed by the Company. Both principal and interest are to be payable less deduction for any taxes, assessments or governmental charges assessed against the Collateralized Notes or the interest thereon or any owner or holder thereof which the Company, the Note Trustee or any paying agent is or may be required to collect or withhold under any present or future law of the United States of America, of any state, county, municipality, taxing authority or political subdivision thereof.

CALLABILITY AND CONVERSION PROVISIONS:

To be determined later. See explanation beginning on page 3.

The Collateralized Notes issued as medium-term notes may be subject to optional redemption, depending upon market conditions at the time of issuance, the terms and conditions of the Collateralized Notes and other factors beyond the Company's control. If subject to redemption, the Collateralized Notes may or may not be redeemable at a premium. The Mortgage Bonds securing a series of Collateralized Notes issued as medium-term notes will be redeemable at any time at the option of the Company. The Company will agree to redeem Mortgage Bonds in amounts sufficient to pay the principal of the Collateralized Notes at maturity. In the event of any optional or mandatory redemption of the Collateralized Notes, the Company will redeem an amount of Mortgage Bonds equal to the principal of the Collateralized Notes to be redeemed.

The Collateralized Notes issued as remarketed notes may be subject to optional redemption, depending upon the interest rate mode and market conditions at the time of issuance. The Mortgage Bonds securing a series of Collateralized Notes issued as remarketed notes are expected to be subject to mandatory redemption upon a default by the Company with respect to the Collateralized Notes.

The Collateralized Notes issued as senior notes may be subject to optional redemption, depending upon market conditions at the time of issuance, the terms and conditions of the Collateralized Notes and other factors beyond the control of the Company. The redemption provisions of the Mortgage Bonds securing senior notes will correspond to the redemption provisions of the senior notes.

Mortgage Bonds securing Collateralized Notes may also be subject to a mandatory redemption or purchase upon an Event of Default under the Note Indenture.

SINKING FUND PROVISIONS:

To be determined later. See explanation beginning on page 3.

NAME AND ADDRESS OF TRUSTEE:

A Trustee selected by the Company

The Note Trustee is not or will not be affiliated with the Company.

The Company proposes to issue the Debt Securities, as described in Item 5 hereof, which will be sold in the following manner:

6. (A) OFFERING OF THE SECURITIES

Subject to the receipt from your Commission of a Notice of Registration with respect to the Securities Certificates and, in the case of a public offering subject to the Securities Exchange Act of 1933, to the extent necessary, an order from the Securities and Exchange Commission (the "SEC") making effective a Registration Statement referred to in Item 8 hereof, the Company proposes to sell the Debt Securities for cash either (1) in one or more public sales through competitive biddings, agency arrangements, negotiated underwritings or continuous offerings to or through non-affiliated underwriters, purchasers, or agents, or (2) in one or more private placement sales or negotiated loans through non-affiliated banks or investment banking firms acting as agent of the Company or directly to non-affiliated agents, banks, purchasers or underwriters. A list of the underwriters, purchasers, banks or agents will be included in the Underwriting Agreement, Purchase Agreement, Agency Agreement, Note Agreement, Loan Agreement or Credit Agreement (Exhibits J and L) for each such separate sale and will be filed later. The interest rate, price to the Company, price to the purchasers or lenders and other details of each sale will be supplied to the Commission later.

6(B) PROCEEDS TO COMPANY

Based on market conditions at the time of filing the Securities Certificates, the Company estimates that maturities will vary from one year to 40 years for Collateralized Notes and Senior Unsecured Debt and from three to 50 years for Mortgage Bonds and from 30 to 60 years for Subordinated Debt. Actual interest rates or prices to the Company will vary for each sale and will depend primarily upon market conditions at the time of the sale for the type of Debt Securities ultimately sold and the Company's credit ratings for such Debt Securities. Senior

Unsecured Debt issued pursuant to bank borrowings will be at negotiated fixed rates or at the floating rates based on the banks' prime rate, certificates of deposit, London interbank borrowings or a commercial paper rate applicable to a bank's asset-backed commercial paper program.

6(C) EXPENSES OF FINANCING

Assuming, for the purpose of illustration only, that the Debt Securities to be sold are comprised of \$1.5 billion of Mortgage Bonds sold through four separate public offerings, \$400 million of Collateralized Notes and \$600 million of bank commitments under bank credit facilities (excluding bank commitment fees), the issuance expenses to be incurred are estimated as follows:

Filing Fees	\$ 50,000
Legal Services	400,000
Accounting Services	150,000
Trustee Services	50,000
Printing	75,000
Rating Agencies	1,000,000
Recording of Indenture	50,000
Miscellaneous	100,000
Total Estimated Expenses	<u>\$1,875,000</u>

These expenses will be charged to Unamortized Debt Discount and Expenses and amortized ratably over the life of the Debt Securities (see Exhibit K).

Expenses of financing will vary with the number of sales of Debt Securities and the type of Debt Securities sold.

7. PURPOSE OF ISSUE:

The Company may issue the Debt Securities during the next three years in order to take advantage of refunding opportunities, to repay maturing debt, to fund the Company's capital program, including its construction program, to the extent not funded by internally generated sources, to renew, replace or expand the Company's bank credit facilities and/or other general

corporate purposes. Capital expenditures may include other investments related to the Company's strategy. Specifically, the Company currently expects projected capital spending of \$1.0 billion in new and replacement electric distribution plant in years 2018 and 2019. Refinancings are expected to include the refinancing of a \$300 million Mortgage Bond issue maturing in 2021. Other refinancings will depend on market conditions.

The Company is currently a party to a credit agreement with an aggregate commitment of \$600,000,000. The principal purpose of the credit agreement is to support the Company's commercial paper program. Under the credit agreement, the Company is entitled to borrow, repay and re-borrow from time to time for general corporate purposes, including amounts that may be needed to repay maturing commercial paper issued by the Company and letters of credit.

8. REGISTRATION STATEMENT

In the case of a public offering, the sale of Debt Securities will be pursuant to a Registration Statement filed with the SEC under the Securities Act of 1933. The Company currently has one shelf Registration Statement, which has been declared effective by the SEC and under which portions of the Securities may be issued. (See Exhibit G-1). A copy of any other Registration Statement and any amendments thereto will be filed as Exhibit G-2 to the Securities Certificates. In the case of a private placement or bank borrowing, which does not involve a public offering under the Securities Act of 1933, no Registration Statement is required to be filed with the SEC.

Sales of the Debt Securities are expected to take place at dates to be determined over a period of three years from the date of entry of the orders by the Commission. (See Item 5.)

9. SUPPORTING INFORMATION


There is appended hereto and made part hereof the following:

- Exhibit A Balance Sheet of PECO Energy Company and Subsidiary Companies at December 31, 2017 and June 30, 2018
- Exhibit B Income and Retained Earnings Statement of PECO Energy Company and Subsidiary Companies at December 31, 2017 and June 30, 2018
- Exhibit C Statement in respect of the Company's Utility plant at December 31, 2017 and June 30, 2018
- Exhibit D Statement of securities of other corporations owned by PECO Energy Company at December 31, 2017 and June 30, 2018
- Exhibit E Statement showing status of the Company's funded debt outstanding at December 31, 2017 and June 30, 2018
- Exhibit F Company's Consolidated Statement of Changes in Shareholders' Equity at December 31, 2017 and June 30, 2018
- Exhibit G-1 Registration Statement No. 333-213383-04
- Exhibit G-2 Copy of the Registration Statement and any amendments filed by the Company with the SEC in respect of the proposed issuance of Debt Securities (to be provided to the Commission in connection with the issuance of the related Debt Securities through public offerings)
- Exhibit I Copy of the resolution of the Board of Directors of PECO Energy Company authorizing the issuance of the Debt Securities (to be filed later)
- Exhibit J Form of indenture under which the proposed Debt Securities are to be issued (to be provided to the Commission in connection with the issuance of the related Debt Securities)
- Exhibit K Statement showing, in journal entry form, all charges and credits to be made on the books of account of the Company as a result of the issuance of the Debt Securities (to be filed later)
- Exhibit L Copy of Underwriting Agreement, Purchase Agreement or Agency Agreement (to be provided to the Commission in connection with the issuance of the related Debt Securities)
- Exhibit M Computation of Ratio of Net Earnings to Interest (Mortgage method) for the 12 months ended December 31, 2017 and June 30, 2018

- Exhibit N Computation of Ratio of Earnings to Fixed Charges (SEC method) for the 12 months ended December 31, 2017 and June 30, 2018
- Exhibit O Annualized Interest on Mortgage Bonds as of December 31, 2017 and June 30, 2018
- Exhibit P Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends Combined (Articles of Incorporation Method) for the 12 months ended December 31, 2017 and June 30, 2018
- Exhibit Q Annualized Preferred Dividends as of December 31, 2017 and June 30, 2018
- Exhibit R Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends Combined (SEC method) for the 12 months ended December 31, 2017 and June 30, 2018
- Exhibit S Notes to Consolidated Financial Statements for the year ended December 31, 2017 and June 30, 2018

WHEREFORE, PECO Energy Company prays your Honorable Commission to register this Securities Certificate pursuant to Part I, Subpart C, Chapter 19 of the Public Utility Code, as amended, and to grant any other approvals your Commission deems appropriate to further the consummation of the financing program described herein.

PECO ENERGY COMPANY

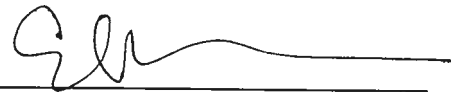
By: 

Elisabeth Graham
Assistant Treasurer

VERIFICATION

I, Elisabeth Graham, Assistant Treasurer hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: September 28, 2018

A handwritten signature in black ink, appearing to read 'EG', is written over a horizontal line.

Elisabeth Graham
Assistant Treasurer


AFFIDAVIT

STATE OF ILLINOIS :

COUNTY OF COOK :

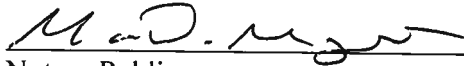
Elisabeth Graham, being duly sworn according to law, deposes and says that she is Assistant Treasurer of PECO Energy Company; that she is authorized to and does make this affidavit for it; and that the facts set forth in the foregoing Securities Certificate are true and correct as of the date of this affidavit and she expects the said PECO Energy Company to be able to prove the same at any hearing hereof.

PECO ENERGY COMPANY

By: 

Elisabeth Graham
Assistant Treasurer
PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101

Sworn to and subscribed
before me this 28 day
of September, 2018.



Notary Public
(SEAL)



PECO Energy Company and Subsidiary Companies
Consolidated Balance Sheet
June 30, 2018 & December 31, 2017

Exhibit A - PECO Balances as filed with the SEC for June 30, 2018 and December 31, 2017

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

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

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

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

**PECO Energy Company and Subsidiary Companies
Consolidated Balance Sheets**

<u>(In millions)</u>	December 31,	
	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 271	\$ 63
Restricted cash and cash equivalents	4	4
Accounts receivable, net		
Customer	327	306
Other	105	131
Receivables from affiliates	—	4
Receivable from Exelon intercompany pool	—	131
Inventories, net		
Fossil fuel	31	35
Materials and supplies	30	27
Prepaid utility taxes	8	9
Regulatory assets	29	29
Other	17	18
Total current assets	822	757
Property, plant and equipment, net	8,053	7,565
Deferred debits and other assets		
Regulatory assets	381	1,681
Investments	25	25
Receivable from affiliates	537	438
Prepaid pension asset	340	345
Other	12	20
Total deferred debits and other assets	1,295	2,509
Total assets	\$ 10,170	\$ 10,831

**PECO Energy Company and Subsidiary Companies
Consolidated Balance Sheets**

<u>(In millions)</u>	December 31.	
	2017	2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	\$ 500	\$ —
Accounts payable	370	342
Accrued expenses	114	104
Payables to affiliates	53	63
Customer deposits	66	61
Regulatory liabilities	141	127
Other	23	30
Total current liabilities	1,267	727
Long-term debt	2,403	2,580
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,789	3,006
Asset retirement obligations	27	28
Non-pension postretirement benefits obligations	288	289
Regulatory liabilities	549	517
Other	86	85
Total deferred credits and other liabilities	2,739	3,925
Total liabilities	6,593	7,416
Commitments and contingencies		
Shareholder's equity		
Common stock	2,489	2,473
Retained earnings	1,087	941
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,577	3,415
Total liabilities and shareholder's equity	\$ 10,170	\$ 10,831

PECO Energy Company and Subsidiary Companies
Income and Retained Earnings Statement
For the Three and Six Months Ended June 30, 2018 and 2017 and the Twelve Months Ended December 31, 2017

PECO Balances as filed with the SEC for June 30, 2018 and December 31, 2017
Please see Exhibit F for Retained Earnings Balances

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

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

PECO Energy Company and Subsidiary Companies
Consolidated Statements of Operations and Comprehensive Income

(In millions)	For the Years Ended December 31,		
	2017	2016	2015
Operating revenues			
Electric operating revenues	\$ 2,369	\$ 2,524	\$ 2,485
Natural gas operating revenues	494	462	545
Operating revenues from affiliates	7	8	2
Total operating revenues	<u>2,870</u>	<u>2,994</u>	<u>3,032</u>
Operating expenses			
Purchased power	648	598	735
Purchased fuel	186	162	235
Purchased power from affiliate	135	287	220
Operating and maintenance	657	665	684
Operating and maintenance from affiliates	149	146	110
Depreciation and amortization	286	270	260
Taxes other than income	154	164	160
Total operating expenses	<u>2,215</u>	<u>2,292</u>	<u>2,404</u>
Gain on sales of assets	<u>—</u>	<u>—</u>	<u>2</u>
Operating Income	<u>655</u>	<u>702</u>	<u>630</u>
Other income and (deductions)			
Interest expense, net	(115)	(111)	(102)
Interest expense to affiliates, net	(11)	(12)	(12)
Other, net	9	8	5
Total other income and (deductions)	<u>(117)</u>	<u>(115)</u>	<u>(109)</u>
Income before income taxes	<u>538</u>	<u>587</u>	<u>521</u>
Income taxes	<u>104</u>	<u>149</u>	<u>143</u>
Net Income	<u>\$ 434</u>	<u>\$ 438</u>	<u>\$ 378</u>
Comprehensive Income	<u>\$ 434</u>	<u>\$ 438</u>	<u>\$ 378</u>

PECO Energy Company and Subsidiary Companies
Statement of Utility Plant
June 30, 2018 and December 31, 2017

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
ELECTRIC		
Plant in Service		
Intangible	153,085,369	151,747,354
Transmission	1,566,148,057	1,547,013,862
Distribution	6,160,096,648	6,019,876,133
General	262,863,206	256,396,925
Construction Work in Progress	232,522,745	186,688,058
Plant Held for Future Use	7,921,984	6,964,858
Total	<u>8,382,638,009</u>	<u>8,168,687,190</u>
GAS		
Plant in Service		
Intangible	16,185,896	15,777,170
Manufactured Gas Production	15,643,510	15,652,508
Storage Plant	59,189,627	51,582,356
Distribution	2,458,988,222	2,399,002,343
General	23,717,734	21,550,945
Construction Work in Progress	34,761,269	24,210,968
Plant Held for Future Use	-	-
Total	<u>2,608,486,258</u>	<u>2,527,776,290</u>
COMMON		
Plant in Service	720,510,138	709,974,551
Construction Work in Progress	64,011,866	43,387,843
Plant Held for Future Use	-	-
	<u>784,522,004</u>	<u>753,362,394</u>
NON-UTILITY PLANT	<u>13,902,826</u>	<u>13,902,822</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>11,789,549,096</u>	<u>11,463,728,696</u>
ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>(3,482,443,483)</u>	<u>(3,410,341,245)</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>8,307,105,614</u>	<u>8,053,387,451</u>

**PECO Energy Company and Subsidiary Companies
Statement of Securities of Other Corporations Owned
June 30, 2018 and December 31, 2017**

<u>Name of Issuer</u>	<u>Type of Security</u>	<u>Amount Owned Shares or Percentage</u>	<u>Book Value</u>	
			<u>June 30, 2018</u>	<u>December 31, 2017</u>
<u>Nonconsolidated Subsidiaries *</u>				
PECO Energy Capital Trust IV	Common Capital Stock	1,000 shares/100%	4,048,348	4,079,968
PECO Energy Capital Corporation and Subsidiary	Common Capital Stock	1,000 shares/100%	3,593,502	3,656,072
Total Investments			7,641,850	7,736,040

PECO Energy Company and Subsidiary Companies
Statement of Funded Debt Outstanding
June 30, 2018 and December 31, 2017

Description of Obligation	Interest Rates	Interest Payment Dates	Term (Years)	Dates of Maturity	June 30, 2018	December 31, 2017
					Total Principal Outstanding	Total Principal Outstanding
First and Refunding Mortgage Bonds:						
FRMB due 3/1/2018	5.350%	Mar 1; Sep 1	10	March 1, 2018	-	500,000,000
FRMB due 9/15/2021	1.700%	Mar 15; Sep 15	5	September 15, 2021	300,000,000	300,000,000
FRMB due 9/15/2022	2.375%	Mar 15; Sep 15	10	September 15, 2022	350,000,000	350,000,000
FRMB due 10/15/2025	3.150%	Apr 15; Oct 15	10	October 15, 2025	350,000,000	350,000,000
FRMB due 5/1/2034	5.900%	May 1; Nov 1	30	May 1, 2034	75,000,000	75,000,000
FRMB due 10/1/2036	5.950%	Oct 1; Apr 1	30	October 1, 2036	300,000,000	300,000,000
FRMB due 3/15/2037	5.700%	Mar 15; Sep 15	30	March 15, 2037	175,000,000	175,000,000
FRMB due 10/15/2043	4.800%	Apr 15; Oct 15	30	October 15, 2043	250,000,000	250,000,000
FRMB due 10/1/2044	4.150%	Oct 1; Apr 1	30	October 1, 2044	300,000,000	300,000,000
FRMB due 9/15/2047	3.700%	Mar 15; Sep 15	30	September 15, 2047	325,000,000	325,000,000
FRMB due 3/1/2048	3.900%	Mar 1; Sep 1	30	March 1, 2048	325,000,000	-
Total First and Refunding Mortgage Bonds					2,750,000,000	2,925,000,000
Other Obligations:						
PIDC Loan due 6/20/2018	2.000%	Jan 1; Jul 1	5	June 20, 2023	50,000,000	-
Total Other Obligations					50,000,000	-
Debt to Affiliates						
Subordinated debentures to PECO Energy Capital L.P.***	7.380%	April 30; October 31	30	April 6, 2028	80,520,619	80,520,619
Demand note to PECO Energy Capital Corp.	Variable	Quarterly	30	April 6, 2028	805,206	805,206
Subordinated debentures to PECO Energy Capital Trust IV	5.750%	June 15; Dec. 15	30	June 15, 2033	103,092,784	103,092,784
Total Debt to Affiliates					184,418,609	184,418,609
Unamortized Debt Discount and Premium, net					(7,194,014)	(5,798,463)
Total Funded Debt Outstanding					\$ 2,977,224,595	\$ 3,103,620,146

* First and Refunding Mortgage Bonds issued under the PECO Mortgage indenture securing pollution control notes.

*** Subsidiary of Peco Energy Capital Corporation

PECO Energy Company and Subsidiary Companies
Statement of Changes in Shareholders' Equity
At June 30, 2018 and December 31, 2017

PECO Balances as filed with the SEC for the Six Months Ended June 30, 2018 and the Twelve Months Ended December 31, 2017

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, 2017	\$ 2,489	\$ 1,087	\$ 1	\$ 3,577
Net income	—	210	—	210
Common stock dividends	—	(293)	—	(293)
Contributions from parent	41	—	—	41
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	1	(1)	—
Balance, June 30, 2018	<u>\$ 2,530</u>	<u>\$ 1,005</u>	<u>\$ —</u>	<u>\$ 3,535</u>

PECO Energy Company and Subsidiary Companies
Consolidated Statements of Changes in Shareholder's Equity

<i>(In millions)</i>	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholder's Equity
Balance, December 31, 2014	\$ 2,439	\$ 681	\$ 1	\$ 3,121
Net income	—	378	—	378
Common stock dividends	—	(279)	—	(279)
Allocation of tax benefit from parent	16	—	—	16
Balance, December 31, 2015	\$ 2,455	\$ 780	\$ 1	\$ 3,236
Net income	—	438	—	438
Common stock dividends	—	(277)	—	(277)
Allocation of tax benefit from parent	18	—	—	18
Balance, December 31, 2016	\$ 2,473	\$ 941	\$ 1	\$ 3,415
Net income	—	434	—	434
Common stock dividends	—	(288)	—	(288)
Allocation of tax benefit from parent	16	—	—	16
Balance, December 31, 2017	<u>\$ 2,489</u>	<u>\$ 1,087</u>	<u>\$ 1</u>	<u>\$ 3,577</u>

[Table of Contents](#)

As filed with the Securities and Exchange Commission on August 30, 2016

Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

**FORM S-3
REGISTRATION STATEMENT**
UNDER
THE SECURITIES ACT OF 1933

Exelon Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

23-2990190

(I.R.S. Employer Identification No.)

10 South Dearborn Street

P.O. Box 805379

Chicago, Illinois 60680-5379

800-483-3220

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Exelon Generation Company, LLC

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

23-3064219

(I.R.S. Employer Identification No.)

300 Exelon Way

Kennett Square, Pennsylvania 19348

610-765-5959

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

PECO Energy Company

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

23-0970240

(I.R.S. Employer Identification No.)

2301 Market Street

Philadelphia, PA 19101

215-841-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Potomac Electric Power Company

(Exact name of registrant as specified in its charter)

District of Columbia and Virginia

(State or other jurisdiction of incorporation or organization)

53-0127880

(I.R.S. Employer Identification No.)

701 Ninth Street, N.W.

Washington, District of Columbia 20068

202-872-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Commonwealth Edison Company

(Exact name of registrant as specified in its Charter)

Illinois

(State or other jurisdiction of incorporation or organization)

36-0938600

(I.R.S. Employer Identification No.)

440 South LaSalle Street

Suite 3300

Chicago, Illinois 60605-1028

312-394-4321

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Baltimore Gas and Electric Company

(Exact name of registrant as specified in its Charter)

Maryland

(State or other jurisdiction of incorporation or organization)

52-0280210

(I.R.S. Employer Identification No.)

2 Center Plaza, 110 West Fayette Street,

Baltimore, Maryland 21201

410-234-5000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Delmarva Power & Light Company

(Exact name of registrant as specified in its Charter)

Delaware and Virginia

(State or other jurisdiction of incorporation or organization)

51-0084283

(I.R.S. Employer Identification No.)

500 North Wakefield Drive

Newark, Delaware 19702

202-872-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220

<http://www.exeloncorp.com>

(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

With copies to:

Bruce G. Wilson, Esquire
Senior Vice President and Deputy General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Approximate date of commencement of proposed sale to public: From time to time after the Registration Statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

	<u>Large Accelerated</u>	<u>Accelerated</u>	<u>Non-Accelerated</u>	<u>Small Reporting Company</u>
Exelon Corporation	<input checked="" type="checkbox"/>			
Exelon Generation Company, LLC			<input checked="" type="checkbox"/>	
Commonwealth Edison Company			<input checked="" type="checkbox"/>	
PECO Energy Company			<input checked="" type="checkbox"/>	
Baltimore Gas and Electric Company			<input checked="" type="checkbox"/>	
Potomac Electric Power Company			<input checked="" type="checkbox"/>	
Delmarva Power & Light Company			<input checked="" type="checkbox"/>	

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered/Proposed maximum offering price per unit/Amount of registration fee
Exelon Corporation debt securities	(1)
Exelon Corporation common stock	(1)
Exelon Corporation stock purchase contracts	(1)
Exelon Corporation stock purchase units(2)	(1)
Exelon Corporation preferred stock	(1)
Exelon Corporation depository shares	(1)
Exelon Generation Company, LLC debt securities	(1)
Commonwealth Edison Company debt securities	(1)
PECO Energy Company debt securities	(1)
Baltimore Gas and Electric Company debt securities	(1)
Potomac Electric Power Company debt securities	(1)
Delmarva Power & Light Company debt securities	(1)
Total	(1)

- (1) There are being registered hereunder such presently indeterminate principal amount or number of (a) debt securities, shares of common stock, stock purchase contracts, stock purchase units, shares of preferred stock and depository shares, which may be sold from time to time by Exelon Corporation, (b) debt securities, which may be sold from time to time by Exelon Generation Company, LLC, (c) debt securities, which may be sold from time to time by Commonwealth Edison Company, (d) debt securities, which may be sold from time to time by PECO Energy Company, (e) debt securities, which may be sold from time to time by Baltimore Gas and Electric Company, (f) debt securities which may be sold from time to time by Potomac Electric Power Company and (g) debt securities which may be sold from time to time by Delmarva Power & Light Company. In accordance with Rules 456(b) and 457(r), the registrants are each deferring payment of all of the registration fee.
- (2) Each stock purchase unit consists of (a) a stock purchase contract under which the holder upon settlement will purchase an indeterminate number of shares of Exelon Corporation common stock and (b) debt securities or preferred stock of Exelon Corporation registered under this registration statement.

PROSPECTUS

EXELON CORPORATION

Debt Securities

Common Stock

Stock Purchase Contracts

Stock Purchase Units

Preferred Stock

Depository Shares

EXELON GENERATION COMPANY, LLC

Debt Securities

COMMONWEALTH EDISON COMPANY

Debt Securities

PECO ENERGY COMPANY

Debt Securities

BALTIMORE GAS AND ELECTRIC COMPANY

Debt Securities

POTOMAC ELECTRIC POWER COMPANY

Debt Securities

DELMARVA POWER & LIGHT COMPANY

Debt Securities

[Table of Contents](#)

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- debt securities

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- debt securities

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- debt securities

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- debt securities

Potomac Electric Power Company (Pepco) may use this prospectus to offer and sell from time to time:

- debt securities

Delmarva Power & Light Company (DPL) may use this prospectus to offer and sell from time to time:

- debt securities

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL sometimes refer to the securities listed above as the “Securities.”

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon’s common shares are listed on the New York Stock Exchange, under the symbol “EXC.”

Please see “[Risk Factors](#)” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 30, 2016.

TABLE OF CONTENTS

	Page
ABOUT THIS PROSPECTUS	1
FORWARD-LOOKING STATEMENTS	2
RISK FACTORS	2
EXELON CORPORATION	2
EXELON GENERATION COMPANY, LLC	3
COMMONWEALTH EDISON COMPANY	3
PECO ENERGY COMPANY	3
BALTIMORE GAS AND ELECTRIC COMPANY	3
POTOMAC ELECTRIC POWER COMPANY	3
DELMARVA POWER & LIGHT COMPANY	4
USE OF PROCEEDS	4
RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS	5
DESCRIPTION OF SECURITIES	7
PLAN OF DISTRIBUTION	7
LEGAL MATTERS	9
EXPERTS	9
WHERE YOU CAN FIND MORE INFORMATION	9
DOCUMENTS INCORPORATED BY REFERENCE	10

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL have each filed with the Securities and Exchange Commission (SEC) using a “shelf” registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO, BGE, Pepco or DPL (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms “we,” “our” and “us” generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.
- Pepco with respect to Securities issued by Pepco.
- DPL with respect to Securities issued by DPL.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see “Risk Factors” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.


This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL include those factors discussed herein, as well as the items discussed in (1) the combined 2015 Annual Report on Form 10-K of Exelon, Generation, ComEd, PECO and BGE 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; (2) the combined 2015 Annual Reports on Form 10-K of Pepco and DPL 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 16; (3) Exelon’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016 in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part I, 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 18 and (4) other factors discussed in filings with the SEC by each of the registrants.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in (a) the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2015, filed with the SEC on February 10, 2016, (b) the combined Annual Reports on Form 10-K of Pepco and DPL, as applicable, for the year ended December 31, 2015, filed with the SEC on February 19, 2016 and (c) (3) the registrants’ combined Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO, BGE Pepco, DPL and Atlantic City Electric Company, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220 .

EXELON GENERATION COMPANY, LLC

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

POTOMAC ELECTRIC POWER COMPANY

Pepco's energy delivery business consists of the 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.

Pepco was incorporated in the District of Columbia in 1896 and Virginia in 1949. Pepco's principal executive offices are located at 701 Ninth Street, N.W., Washington, D.C. 20068, and its telephone number is (202) 872-2000.

DELMARVA POWER & LIGHT COMPANY

DPL's energy delivery business consists of the 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.

DPL was incorporated in Delaware in 1909 and Virginia in 1979. DPL's principal executive offices are located at 500 North Wakefield Drive Newark, Delaware 19702, and its telephone number is (202) 872-2000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>2011</u>	<u>Years Ended December 31,</u>				<u>Six Months Ended June 30, 2016</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Ratio of earnings to fixed charges	4.9	2.4	2.6	2.7	3.3	1.8

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	<u>2011</u>	<u>Years Ended December 31,</u>				<u>Six Months Ended June 30, 2016</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Ratio of earnings to combined fixed charges and preference security dividends	4.9	2.3	2.5	2.7	3.3	1.8

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>2011</u>	<u>Years Ended December 31,</u>				<u>Six Months Ended June 30, 2016</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Ratio of earnings to fixed charges	7.3	2.6	3.3	2.8	3.5	2.1

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>2011</u>	<u>Years Ended December 31,</u>				<u>Six Months Ended June 30, 2016</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Ratio of earnings to fixed charges	3.0	3.0	1.7	3.1	3.1	3.4

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>2011</u>	<u>Years Ended December 31,</u>				<u>Six Months Ended June 30, 2016</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Ratio of earnings to fixed charges	4.7	4.9	5.6	5.0	5.4	5.3

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	<u>2011</u>	<u>Years Ended December 31,</u>				<u>Six Months Ended June 30, 2016</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Ratio of earnings to fixed charges	2.4	1.0	3.6	3.8	4.7	4.5

[Table of Contents](#)

Pepco

The following are Pepco's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.22	2.54	2.89	3.05	3.08	0.10(a)

(a) The ratio coverage was less than 1:1. Pepco required additional earnings of \$64 million in order to achieve a coverage ratio of 1:1.

DPL

The following are DPL's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.31	3.25	3.64	4.19	3.31	(1.2)(a)

(a) The ratio coverage was less than 1:1. DPL required additional earnings of \$62 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and
- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of (a) Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 and (b) of Pepco and DPL by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, 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 and at the web site maintained by the SEC at <http://www.sec.gov>. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street - 52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading “Documents Incorporated By Reference” below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon’s web site at <http://www.exeloncorp.com>. The information on Exelon’s web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to “incorporate by reference” information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon’s Annual Report on Form 10-K for the year ended December 31, 2015;
- Exelon’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- The description of Exelon’s common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934 on October 10, 2000, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon’s Current Reports on Form 8-K filed with the SEC on January 7, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016, April 7, 2016, April 15, 2016, April 29, 2016, May 25, 2016, May 25, 2016, May 27, 2016, June 2, 2016, June 3, 2016, June 10, 2016 and July 7, 2016.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation’s Annual Report on Form 10-K for the year ended December 31, 2015;
- Generation’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Generation’s Current Reports on Form 8-K filed with the SEC on April 5, 2016, April 15, 2016, May 25, 2016, May 27, 2016, June 2, 2016 and July 7, 2016.

[Table of Contents](#)

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2015;
- ComEd's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- ComEd's Current Reports on Form 8-K filed with the SEC on May 27, 2016 and June 27, 2016.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2015;
- PECO's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- PECO's Current Report on Form 8-K filed with the SEC on May 27, 2016.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2015;
- BGE's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- BGE's Current Reports on Form 8-K filed with the SEC on May 27, 2016, June 3, 2016, June 9, 2016 and August 18, 2016.

Potomac Electric Power Company (Exchange Act File No. 001-01072)

- Pepco's Annual Report on Form 10-K for the year ended December 31, 2015;
- Pepco's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Pepco's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Delmarva Power & Light Company (Exchange Act File No. 001-01405)

- DPL's Annual Report on Form 10-K for the year ended December 31, 2015;
- DPL's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- DPL's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345 [S](#).

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the Securities are set forth in the following table. All amounts except the SEC registration fee are estimated.

SEC registration fee	\$	*
Listing fees and expenses	\$	**
Accounting fees and expenses	\$	**
Printing and engraving expenses	\$	**
Legal fees and expenses	\$	**
Trustee fees	\$	**
Miscellaneous	\$	**
Total	\$	**

* To be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

** Estimated expenses not presently known. Each prospectus supplement will reflect estimated expenses based on the amount of the related offering.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Exelon Corporation

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the PBCL), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a

representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Exelon Generation Company, LLC

Section 4.6 of Generation's operating agreement provides, as follows:

The Member shall, and any officer, employee or agent of the Company may in the Member's absolute discretion, be indemnified by the Company to the fullest extent permitted by Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 and as may be otherwise permitted by applicable law.

Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 provides that:

8945. Indemnification.

(a) General rule. Subject to such standards and restrictions, if any, as are set forth in the operating agreement, a limited liability company may and shall have the power to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

(b) When indemnification is not to be made. Indemnification under subsection (a) shall not be made in any case where the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The certificate of organization or operating agreement may not provide for indemnification in the case of willful misconduct or recklessness.

(c) Grounds. Indemnification under subsection (a) may be granted for any action taken and may be made whether or not the company would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the company. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses. Expenses incurred by a member, manager or other person in defending any action or proceeding against which indemnification may be made under this section may be paid by the company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company.

(e) Rights to indemnification. The indemnification and advancement of expenses provided by or granted under this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to serve in the capacity as to which he was indemnified and shall inure to the benefit of the heirs, executors and administrators of such person.

(f) Mandatory indemnification. Without regard to whether indemnification or advancement of expenses is provided under subsections (a) and (d), a limited liability company shall be subject to section 8331(2) (relating to rules determining rights and duties of partners) and both the members and the managers, if any, shall be deemed to be general partners for purposes of applying that section.

In addition, the officers and employees of Generation are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and the registrant is insured to the extent that it is required or permitted by law to indemnify the officers and employees for such loss. The premiums for such insurance are paid by Generation.

Commonwealth Edison Company

Certain provisions of the Illinois Business Corporation Act of 1983, as amended (the BCA), provide that ComEd may, and in some circumstances must, indemnify the directors and officers of ComEd and of each subsidiary company against liabilities and expenses incurred by such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions set forth in the statute. ComEd's Restated Articles of Incorporation and Amended and Restated By-Laws provide that ComEd will indemnify its directors and officers and any other person serving as director, officer, employee or agent of another business entity at ComEd's request, to the extent permitted by the statute. In addition, ComEd's Restated Articles of Incorporation provide, as permitted by the BCA, that directors shall not be personally liable for monetary damages for breach of fiduciary duty as a director, except (i) for breaches of their duty of loyalty to ComEd or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the BCA, and (iv) for transactions from which a director derived an improper personal benefit.

ComEd has entered into indemnification agreements with each of its directors. ComEd also maintains liability insurance policies which indemnify ComEd's directors and officers, the directors and officers of subsidiaries of ComEd, and the trustees of the Commonwealth Edison Company Service Annuity Fund and the Commonwealth Edison Company of Indiana, Inc. Service Annuity Fund, against loss arising from claims by reason of their legal liability for acts as such directors, officers or trustees, subject to limitations and conditions as set forth in the policies.

PECO Energy Company

As noted above, the PBCL contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to

any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

PECO's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. PECO's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from PECO of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, PECO's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of PECO or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

PECO has entered into indemnification agreements with each of its directors. PECO also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of PECO are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and PECO is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by PECO.

Baltimore Gas and Electric Company

The following description of indemnification allowed under Maryland statutory law is a summary rather than a complete description. Reference is made to Section 2-418 of the Corporations and Associations Article of the Maryland Annotated Code, which is incorporated herein by reference, and the following summary is qualified in its entirety by such reference.

By a Maryland statute, a Maryland corporation may indemnify any director who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (Proceeding) by reason of the fact that he is a present or former director

[Table of Contents](#)

of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, limited liability company, other enterprise, or employee benefit plan (Director). Such indemnification may be against judgments, penalties, fines, settlements and reasonable expenses actually incurred by such Director in connection with the Proceeding unless it is established that (a) the act or omission of the Director was material to the matter giving rise to the Proceeding and (i) was committed in bad faith, or (ii) was the result of active and deliberate dishonesty; or (b) the Director actually received an improper personal benefit in money, property, or services; or (c) in the case of any criminal proceeding, the Director had reasonable cause to believe the act or omission was unlawful. However, the corporation may not indemnify any Director in connection with a Proceeding by or in the right of the corporation if the Director has been adjudged to be liable to the corporation. A Director who has been successful in the defense of any Proceeding described above, or in the defense of any claim, issue or matter in the Proceeding, shall be indemnified against reasonable expenses incurred in connection with the Proceeding or the claim, issue or matter in which the Director has been successful. The corporation may not indemnify a Director in respect of any Proceeding charging improper personal benefits to the Director in which the Director was adjudged to be liable on the basis that personal benefit was improperly received. The corporation may not indemnify a Director or advance expenses for a Proceeding brought by the Director against the corporation except if the Proceeding is brought to enforce indemnification by the corporation or if the corporation's charter or bylaws, a board resolution or contract provides otherwise. Notwithstanding the above provisions, a court of appropriate jurisdiction, upon application of the Director, may order indemnification if it determines that in view of all the relevant circumstances, the Director is fairly and reasonably entitled to indemnification; however, indemnification with respect to any Proceeding by or in the right of the corporation or in which liability was adjudged on the basis that personal benefit was improperly received shall be limited to expenses. A corporation may advance reasonable expenses to a Director prior to the final disposition of a Proceeding upon receipt by the corporation of a written undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the corporation has not been met.

A corporation may indemnify and advance expenses to an officer of the corporation to the same extent that it may indemnify Directors under the statute.

The indemnification and advancement of expenses provided by statute is not exclusive of any other rights, by indemnification or otherwise, to which a Director or officer may be entitled under the charter, bylaws, a resolution of shareholders or directors, an agreement or otherwise.

A corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer, whether or not the corporation would have the power to indemnify a Director or officer against liability under the provision of this section of Maryland law. Further, a corporation may provide similar protection, including a trust fund, letter of credit or surety bond, not inconsistent with the statute.

Article V of BGE's Charter reads as follows:

"A director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages except (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. It is the intent of this Article that the liability of directors and officers shall be limited to the fullest extent permitted by the Maryland General Corporation Law, as amended from time to time.

Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such repeal or modification."

Article IV of BGE's By-Laws reads as follows:

“Each person made or threatened to be made party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company, or, at its request, is or was a director or officer of another corporation, shall be indemnified by the Company (to the extent indemnification is not otherwise provided by insurance) against the liabilities, costs and expenses of every kind actually and reasonably incurred by him as a result of such action, suit or proceeding, or any threat thereof or any appeal thereon, but in each case only if and to the extent permissible under applicable common or statutory law, state or federal. The foregoing indemnity shall not be inclusive of other rights to which such person may be entitled.”

BGE has entered into indemnification agreements with each of its directors. The directors and officers of BGE are covered by insurance indemnifying them against certain liabilities which might be incurred by them in their capacities as such, including certain liabilities arising under the Securities Act of 1933. The premium for this insurance is paid by Exelon with BGE's share of the premium being reimbursed by BGE.

Pepco

Section 29-306.51 of the Business Corporation Act of 2010, or the DCBCA, provides that a District of Columbia corporation may indemnify an individual who is a party to a proceeding because the individual is a director of the corporation against liability incurred in the proceeding if the director conducted himself or herself in good faith and reasonably believed, in the case of conduct in an official capacity, that his or her conduct was in the best interests of the corporation, and in all other cases, that his or her conduct was at least not opposed to the best interests of the corporation (or, in the case of conduct with respect to an employee benefit plan, for a purpose the director reasonably believed to be in the interests of the participants in, and the beneficiaries of, the plan), and, in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. Unless ordered by a court of competent jurisdiction, a corporation may not indemnify a director (i) in connection with a proceeding by or in the right of the corporation, except for expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct, or (ii) with respect to conduct for which the director was adjudged liable on the basis of receiving a financial benefit to which he or she was not entitled.

Under Section 29-306.52 of the DCBCA, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because he or she was a director of the corporation, against expenses incurred by the director in connection with the proceeding.

Under Section 29-306.53 of the DCBCA, a corporation may, before final disposition of a proceeding, advance funds to pay for or reimburse expenses incurred in connection with such a proceeding so long as the director provides the corporation with a signed affirmation of the director's good faith belief that the relevant standard of conduct has been met by the director or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of incorporation and an undertaking of the director to repay any funds advanced if the director is not entitled to mandatory indemnification under Section 29-306.52 of the DCBCA and it is ultimately determined that the director has not met the relevant standard of conduct for indemnification.

Section 29-306.56 of the DCBCA provides that a corporation may also indemnify and advance expenses to an individual who is a party to a proceeding because he or she is an officer of the corporation (i) to the same extent as a director, and, (ii) if he or she is an officer but not a director (and, where the officer is also a director if the basis on which the person is a party to the proceeding is an act or omission solely as an officer), to such further extent as may be provided by the articles of incorporation, the bylaws, a resolution of the board of directors, or contract except for liability (A) in connection with a proceeding by or in the right of the corporation

(other than for expenses incurred in connection with the proceeding) or (B) arising out of conduct that constitutes a receipt by the officer of a financial benefit to which the officer is not entitled, an intentional infliction of harm on the corporation or the shareholders or an intentional violation of criminal law. The mandatory indemnification requirement under Section 29-306.52 of the DCBCA discussed above also applies to an officer of the corporation who is not also a director, to the same extent as if the officer was a director.

Under Sections 13.1-697 and 13.1-702 of the Virginia Stock Corporation Act, or the VSCA, a Virginia corporation may indemnify any current or former director or officer who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding if the director conducted himself in good faith and (i) believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation or, in all other cases, that his conduct was at least not opposed to the best interests of the corporation, or (ii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, however that, unless ordered by a court, a corporation may not indemnify a director or officer in connection with (i) a proceeding by or in the right of the corporation in which the director or officer was found liable to the corporation, other than for reasonable expenses or (ii) any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received.

Under Sections 13.1-698 and 13.1-702 of the VSCA, unless limited by its articles of incorporation, a Virginia corporation is required to indemnify any director or officer who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The By-Laws of Pepco provide that Pepco will, to the fullest extent permitted by law, indemnify each director or officer and each former director and officer of Pepco against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer, except in relation to matters as to which such director or officer shall be finally adjudged in such action, suit or proceeding to have knowingly violated the criminal law or to be liable for willful misconduct in the performance of his duty to Pepco; and that such indemnification shall be in addition to, but that such indemnification rights shall not be exclusive of, any other rights to which such person may be entitled under any by-law, agreement, vote of stockholders, or otherwise.

DPL

DPL's Articles of Restatement of Certificate and Articles of Incorporation provide, in accordance with Section 102(b)(7) of the DGCL and Section 13.1-692.1 of the VSCA, that no director of DPL shall be personally liable to DPL or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director for (i) any breach of the director's duty of loyalty to DPL or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) liability under Section 174 of the DGCL for unlawful payment of dividends or stock purchases or redemptions, or (iv) any transaction from which the director derived an improper personal benefit. Under the VSCA, this provision does not limit the liability of a director who has engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law, including, without limitation, any claim of unlawful insider trading or manipulation of the market for any security.

Under Section 145 of the DGCL, a corporation is permitted to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than action by or in the right of the corporation), by reason of the fact that the person is or was an officer, director, employee or agent of the corporation or is or was serving at the request of the corporation as an officer, director, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts

paid in settlement actually and reasonably incurred in connection with such proceeding: (i) if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; and (ii) in the case of a criminal proceeding, the person had no reasonable cause to believe that his conduct was unlawful.

Under Section 145 of the DGCL, a corporation also is permitted to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to obtain a judgment in its favor by reason of the fact that the person is or was a director or officer against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification is permitted with respect to any claim, issue or matter as to which the person is found liable to the corporation unless and to the extent that the Delaware Court of Chancery or the court in which the action or suit is brought determines that, despite the adjudication of liability, the person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

Under Section 145 of the DGCL, a corporation must indemnify any present or former director or officer of the corporation who is successful on the merits or otherwise in the defense of any action, suit or proceeding against expenses (including attorneys' fees) actually and reasonably incurred by such person.

Under Sections 13.1-697 and 13.1-702 of the VSCA, a Virginia corporation may indemnify any current or former director or officer who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding if the director conducted himself or herself in good faith and (i) believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation or, in all other cases, that his conduct was at least not opposed to the best interests of the corporation, or (ii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, however, that, unless ordered by a court, a corporation may not indemnify a director or officer in connection with (i) a proceeding by or in the right of the corporation in which the director or officer was found liable to the corporation, other than for reasonable expenses or (ii) any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received.

Under Sections 13.1-698 and 13.1-702 of the VSCA, unless limited by its articles of incorporation, a Virginia corporation is required to indemnify any director or officer who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The Amended and Restated Bylaws of DPL provide that DPL shall indemnify, to the full extent that it shall have power under applicable law, any person made or threatened to be made a party to any threatened, pending or completed action suit or proceeding by reason of the fact that such person is or was a director or officer of DPL, but that such indemnification rights shall not be exclusive of, any other rights to which such person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

ITEM 16. EXHIBITS.

Reference is made to the Exhibit Index filed herewith at page II-24, such Exhibit Index being incorporated in this Item 16 by reference.

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each of the undersigned registrants undertake that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 30th day of August, 2016.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller (Principal
Accounting Officer)

[Table of Contents](#)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Mayo A. Shattuck III</u> Mayo A. Shattuck III	Director and Chairman	August 30, 2016
<u>/s/ Anthony K. Anderson</u> Anthony K. Anderson	Director	August 30, 2016
<u>/s/ Ann C. Berzin</u> Ann C. Berzin	Director	August 30, 2016
<u>/s/ Yves C. de Balmann</u> Yves C. de Balmann	Director	August 30, 2016
<u>/s/ Nicholas DeBenedictis</u> Nicholas DeBenedictis	Director	August 30, 2016
<u>/s/ Nancy L. Gioia</u> Nancy L. Gioia	Director	August 30, 2016
<u>/s/ Linda Jojo</u> Linda Jojo	Director	August 30, 2016
<u>/s/ Paul L. Joskow</u> Paul L. Joskow	Director	August 30, 2016
<u>/s/ Robert J. Lawless</u> Robert J. Lawless	Director	August 30, 2016
<u>/s/ Richard W. Mies</u> Richard W. Mies	Director	August 30, 2016
<u>/s/ John W. Rogers, Jr.</u> John W. Rogers, Jr.	Director	August 30, 2016
<u>/s/ Stephen D. Steinour</u> Stephen D. Steinour	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 30th day of August, 2016.

EXELON GENERATION COMPANY, LLC

By: /s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bryan P. Wright
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Matthew N. Bauer
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 30th day of August, 2016.

COMMONWEALTH EDISON COMPANY

By: /s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Gerald Kozel
Gerald Kozel
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Anne R. Pramaggiore and Joseph R. Trpik, Jr. and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, including any filings pursuant to Rule 462(b) or 462(e) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying all that such attorneys-in-fact and agents, or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher M. Crane</u> Christopher M. Crane	Director and Chairman	August 30, 2016
<u>/s/ Denis P. O'Brien</u> Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
<u>/s/ James W. Compton</u> James W. Compton	Director	August 30, 2016
<u>/s/ A. Steven Crown</u> A. Steven Crown	Director	August 30, 2016
<u>/s/ Nicholas DeBenedictis</u> Nicholas DeBenedictis	Director	August 30, 2016
<u>/s/ Peter V. Fazio, Jr.</u> Peter V. Fazio, Jr.	Director	August 30, 2016
<u>/s/ Michael Moskow</u> Michael Moskow	Director	August 30, 2016
<u>/s/ Jesse Ruiz</u> Jesse Ruiz	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on this 30th day of August, 2016.

PECO ENERGY COMPANY

By: /s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Craig L. Adams and Phillip S. Barnett and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher M. Crane</u> Christopher M. Crane	Director and Chairman	August 30, 2016
<u>/s/ Denis P. O'Brien</u> Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
<u>/s/ M. Walter D'Alessio</u> M. Walter D'Alessio	Director	August 30, 2016
<u>/s/ Nelson A. Diaz</u> Nelson A. Diaz	Director	August 30, 2016
<u>/s/ Nicholas DeBenedictis</u> Nicholas DeBenedictis	Director	August 30, 2016
<u>/s/ Rosemarie B. Greco</u> Rosemarie B. Greco	Director	August 30, 2016
<u>/s/ Charisse R. Lillie</u> Charisse R. Lillie	Director	August 30, 2016
<u>/s/ Ronald Rubin</u> Ronald Rubin	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Baltimore Gas and Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on the 30th day of August, 2016.

BALTIMORE GAS AND ELECTRIC COMPANY

By: /s/ Calvin Butler
Calvin Butler
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ David M. Vahos
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Andrew W. Holmes
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Calvin Butler and David M. Vahos as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher M. Crane</u> Christopher M. Crane	Director and Chairman	August 30, 2016
<u>/s/ Denis P. O'Brien</u> Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
<u>/s/ Ann C. Berzin</u> Ann C. Berzin	Director	August 30, 2016
<u>/s/ Michael E. Cryor</u> Michael E. Cryor	Director	August 30, 2016
<u>/s/ James R. Curtiss</u> James R. Curtiss	Director	August 30, 2016
<u>/s/ Joseph L. Haskins</u> Joseph L. Haskins	Director	August 30, 2016
<u>/s/ Maria Tildon</u> Maria Tildon	Director	August 30, 2016
<u>/s/ Michael D. Sullivan</u> Michael D. Sullivan	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Potomac Electric Power Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Washington, District of Columbia on the 30th day of August, 2016.

POTOMAC ELECTRIC POWER COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer, Treasurer and
Director
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David M. Velazquez and Donna J. Kinzel as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher M. Crane</u> Christopher M. Crane	Director and Chairman	August 30, 2016
<u>/s/ Denis P. O'Brien</u> Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
<u>/s/ Kenneth J. Parker</u> Kenneth J. Parker	Director	August 30, 2016
<u>/s/ J. Tyler Anthony</u> J. Tyler Anthony	Director	August 30, 2016
<u>/s/ Kevin McGowan</u> Kevin McGowan	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Delmarva Power & Light Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of Delaware on the 30th day of August, 2016.

DELMARVA POWER & LIGHT COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David M. Velazquez and Donna J. Kinzel as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Denis P. O'Brien</u> Denis P. O'Brien	Director and Chairman	August 30, 2016

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
1.1*	Form of Underwriting Agreement with respect to Securities.
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation (incorporated herein by reference to File No. 001-16169, Form 10-Q for the quarter ended September 30, 2008, Exhibit 3-1-2).
3.2	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (File No. 001-16169, Form 8-K dated April 29, 2016, Exhibit 4.1).
3.3	Certificate of Formation of Exelon Generation Company, LLC (Registration Statement No. 333-85496, Form S-4, Exhibit 3-1).
3.4	First Amended and Restated Operating Agreement of Exelon Generation Company, LLC executed as of January 1, 2001 (incorporated herein by reference to File No. 333-85496, 2003 Form 10-K, Exhibit 3-8).
3.5	Charter of Baltimore Gas and Electric Company, restated as of August 16, 1996 (Incorporated by reference to Exhibit 3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, File No. 1-1910).
3.6	Articles of Amendment to the Charter of Baltimore Gas and Electric Company as of February 2, 2010. (Designated as Exhibit No. 3.1 to the Current Report on Form 8-K dated February 4, 2010, File No. 1-1910.)
3.7	Bylaws of Baltimore Gas and Electric Company (Incorporated by reference to Exhibit 3.11 to the Annual Report on Form 10-k for the year ended December 31, 2013 File No. 1-1910).
3.8	Restated Articles of Incorporation of Commonwealth Edison Company effective February 20, 1985, including Statements of Resolution Establishing Series, relating to the establishment of three new series of Commonwealth Edison Company preference stock known as the "\$9.00 Cumulative Preference Stock," the "\$6.875 Cumulative Preference Stock" and the "\$2.425 Cumulative Preference Stock" (incorporated herein by reference to Exhibit 3-2 to Commonwealth Edison Company's 1994 Form 10-K, File No. 1-1839).
3.9	Commonwealth Edison Company Amended and Restated By-Laws, effective January 23, 2006, as further amended January 28, 2008 and July 27, 2009 (incorporated herein by reference to Exhibit 3.1 to Commonwealth Edison Company's Form 8-K filed July 27, 2009, File No. 1-16169).
3.10	Amended and Restated Articles of Incorporation for PECO Energy Company (incorporated herein by reference to File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).
3.11	PECO Energy Company amended Bylaws (Incorporated by reference to File No. 000-16844, Form 8-K dated May 6, 2009, Exhibit 99.1).
3.12	Pepco Restated Articles of Incorporation and Articles of Restatement (incorporated by reference to File No. 001-01-01072, Form 10-Q, dated May 5, 2006, Exhibit 3.1).
3.13	Pepco Bylaws (incorporated by reference to Exhibit 3.2 to Pepco's Form 10-Q, dated May 5, 2006).
3.14	Amendment to Pepco Bylaws, effective as of March 23, 2016.
3.15	DPL Articles of Restatement of Certificate and Articles of Incorporation (incorporated by reference to File No. 001-01405, Form 10-Q, dated March 1, 2007, Exhibit 3.3).
3.16	DPL Bylaws (incorporated by reference to Exhibit 3.2.1 to DPL's Form 10-Q, dated May 9, 2005).

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>
3.17	Amendment to DPL Bylaws, effective as of March 23, 2016.
4.1	Indenture, dated as of June 11, 2015, between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to file no. 1-16169, Form 8-K dated June 11, 2015, Exhibit 4.1).
4.2	Indenture, dated as of September 28, 2007, between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee (incorporated by reference to File No. 333-85496, Form 8-K, Exhibit 4.1).
4.3	Indenture, dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4(b) of the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 24, 2006, Reg. No. 333-135991-01).
4.4	First Supplemental Indenture, dated as of October 13, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, (Incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-1910).
4.5	Form of Baltimore Gas and Electric Company Unsecured Debt Security (Fixed Rate) (included in Exhibit 4.4).
4.6	Form of Baltimore Gas and Electric Company Unsecured Debt Security (Floating Rate) (included in Exhibit 4.4).
4.7	Indenture and Security Agreement, dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (including form of Baltimore Gas and Electric Company Officer's Certificate and form of Senior Secured Bond) (incorporated by reference to Exhibits 4(u) and 4(u)(1) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).
4.8	Supplemental Indenture No. 1, dated as of October 1, 2009, to the Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-1910).
4.9	Baltimore Gas and Electric Company Deed of Easement and Right-of-Way Grant, dated as of July 9, 2009 (Incorporated by reference to Exhibit 4(u)(2) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).
4.10	Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923, as supplemented and amended by Supplemental Indenture thereto dated August 1, 1994 (incorporated herein by reference to Exhibit 2-1 to Commonwealth Edison Company's Form S-7, File No. 2-60201).

Table of Contents

Exhibit No. Description
4.11 Supplemental Indentures to the aforementioned Commonwealth Edison Company Mortgage are incorporated herein by reference as follows:

<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
August 1, 1946	2-60201, Form S-7	2-1
April 1, 1953	2-60201, Form S-7	2-1
March 31, 1967	2-60201, Form S-7	2-1
April 1, 1967	2-60201, Form S-7	2-1
February 28, 1969	2-60201, Form S-7	2-1
May 29, 1970	2-60201, Form S-7	2-1
June 1, 1971	2-60201, Form S-7	2-1
April 1, 1972	2-60201, Form S-7	2-1
May 31, 1972	2-60201, Form S-7	2-1
June 15, 1973	2-60201, Form S-7	2-1
May 31, 1974	2-60201, Form S-7	2-1
June 13, 1975	2-60201, Form S-7	2-1
May 28, 1976	2-60201, Form S-7	2-1
June 3, 1977	2-60201, Form S-7	2-1
May 17, 1978	2-99665, Form S-3	4-3
August 31, 1978	2-99665, Form S-3	4-3
June 18, 1979	2-99665, Form S-3	4-3
June 20, 1980	2-99665, Form S-3	4-3
April 16, 1981	2-99665, Form S-3	4-3
April 30, 1982	2-99665, Form S-3	4-3
April 15, 1983	2-99665, Form S-3	4-3
April 13, 1984	2-99665, Form S-3	4-3
April 15, 1985	2-99665, Form S-3	4-3
April 15, 1986	33-6879, Form S-3	4-9
April 15, 1993	33-64028, Form S-3	4-13
June 15, 1993	1-1839, Form 8-K dated May 21, 1993	4-1
January 15, 1994	1-1839, 1993 Form 10-K	4-15
June 1, 1996	1-1839, 1996 Form 10-K	4-16
March 1, 2002	1-1839, 2001 Form 10-K	4-4-1
May 20, 2002	333-99363, Form S-3	4-1-1
June 1, 2002	333-99363, Form S-3	4-1-1
October 7, 2002	333-99715, Form S-4	4-1-3
January 13, 2003	1-1839, Form 8-K dated January 22, 2003	4-4
March 14, 2003	1-1839, Form 8-K dated April 7, 2003	4-4
August 13, 2003	1-1839, Form 8-K dated August 25, 2003	4-4
February 15, 2005	1-1839, Form 10-Q for the quarter ended March 31, 2005	4-3-1
February 22, 2006	1-1839, Form 8-K dated March 6, 2006	4.1
August 1, 2006	1-1839, Form 8-K dated August 28, 2006	4.1
September 15, 2006	1-1839, Form 8-K dated October 2, 2006	4.1
December 1, 2006	1-1839, Form 8-K dated December 19, 2006	4.1
March 1, 2007	1-1839, Form 8-K dated March 23, 2007	4.1
August 30, 2007	1-1839, Form 8-K dated September 10, 2007	4.1
December 20, 2007	1-1839, Form 8-K dated January 16, 2008	4.1
March 10, 2008	1-1839, Form 8-K dated March 27, 2008	4.1
April 23, 2008	001-01839, Form 8-K dated May 12, 2008	4.1
June 12, 2008	001-01839, Form 8-K dated June 27, 2008	4.1

Table of Contents

<u>Exhibit No.</u>	<u>Description</u>	<u>File Reference</u>	<u>Exhibit No.</u>
	<u>Dated as of</u>		
	July 12, 2010	001-01839, Form 8-K dated August 2, 2010	4.1
	January 4, 2011	001-01839, Form 8-K dated January 18, 2011	4.1
	August 22, 2011	001-01839, Form 8-K dated September 7, 2011	4.1
	September 17, 2012	001-01839, Form 8-K dated October 1, 2012	4.1
	August 1, 2013	001-01839, Form 8-K dated August 19, 2013	4.1
	January 2, 2014	001-01839, Form 8-K dated January 10, 2014	4.1
	October 28, 2014	001-01839, Form 8-K dated November 10, 2014	4.1
	February 18, 2015	001-01839, Form 8-K dated March 2, 2015	4.1
	June 15, 2016	001-01839, Form 8-K dated June 27, 2016	4.1
4.14	Instrument of Resignation, Appointment and Acceptance dated as of February 20, 2002, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923, and Indentures Supplemental thereto, regarding corporate trustee (incorporated by reference to Exhibit 4-4-2 to Commonwealth Edison Company's 2001 Form 10-K, File No. 1-1839).		
4.15	Instrument dated as of January 31, 1996, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923 and Indentures Supplemental thereto, regarding individual trustee (incorporated herein by reference to Exhibit 4-29 to Commonwealth Edison Company's 1995 Form 10-K, File No. 1-1839).		
4.16	Indenture, dated as of September 1, 1987, between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee) relating to Notes (incorporated herein by reference to Exhibit 4-13 to Commonwealth Edison Company's Form S-3, File No. 33-20619).		
4.17	Supplemental Indentures to the aforementioned Commonwealth Edison Indenture are incorporated herein by reference as follows:		
	<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
	July 14, 1989	33-32929, Form S-3	4-16
4.18	First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee), (Registration No. 2-2281, Exhibit B-1).		
4.19	Supplemental Indentures to PECO Energy Company's First and Refunding Mortgage (incorporated herein by reference to the following):		
	<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
	May 1, 1927	2-2881	B-1(c)
	March 1, 1937	2-2881	B-1(g)
	December 1, 1941	2-4863	B-1(h)
	November 1, 1944	2-5472	B-1(i)
	December 1, 1946	2-6821	7-1(j)
	September 1, 1957	2-13562	2(b)-17
	May 1, 1958	2-14020	2(b)-18
	March 1, 1968	2-34051	2(b)-24
	March 1, 1981	2-72802	4-46
	March 1, 1981	2-72802	4-47

Table of Contents

<u>Exhibit No.</u>	<u>Description</u>	<u>File Reference</u>	<u>Exhibit No.</u>
	<u>Dated as of</u>		
	December 1, 1984	1-01401, 1984 Form 10-K	4-2(b)
	March 1, 1993	1-01401, 1992 Form 10-K	4(e)-86
	May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-88
	May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-89
	September 15, 2002	1-01401, September 30, 2002 Form 10-Q	4-1
	October 1, 2002	1-01401, September 30, 2002 Form 10-Q	4-2
	April 15, 2003	00-16844, March 31, 2003 Form 10-Q	4.1
	April 15, 2004	00-16844, September 30, 2004 Form 10-Q	4-1-1
	September 15, 2006	000-16844, Form 8-K dated September 25, 2006	4.1
	March 15, 2007	000-1684, Form 8-K dated March 3, 2008	4.1
	February 15, 2008	000-1684, Form 8-K dated March 19, 2007	4.1
	September 15, 2008	000-1684, Form 8-K dated October 2, 2008	4.1
	March 15, 2009	000-1684, Form 8-K dated March 26, 2009	4.1
	September 1, 2012	000-1684, Form 8-K dated September 17, 2012	4.1
	September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
	September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
	September 1, 2014	000-1684, Form 8-K dated September 15, 2014	4.1
	September 1, 2015	000-1684, Form 8-K dated October 5, 2015	4.1

4.20 Mortgage and Deed of Trust, dated as of July 1, 1936, between Potomac Electric Power Company and The Bank of New York Mellon, as successor trustee, and Supplemental Indenture dated as of July 1, 1936 (filed as Exhibit B-4 to First Amendment dated June 19, 1936 to Pepco's Registration Statement (File No. 2-2232) and incorporated by reference herein)

4.21 Supplemental Indentures to Potomac Electric Power Company's Mortgage and Deed of Trust (incorporated herein by reference to the following):

<u>Dated as of</u>	<u>Reference and Exhibit No</u>
December 10, 1939	Exh. B to Pepco's Form 8-K, 1/3/40.
July 15, 1942	Exh. B-1 to Amendment No. 2, 8/24/42, and B-3 to Post-Effective Amendment, 8/31/42, to Pepco's Registration Statement No. 2-5032.
October 15, 1947	Exh. A to Pepco's Form 8-K, 12/8/47.
December 31, 1948	Exh. A-2 to Pepco's Form 10-K, 4/13/49.
December 31, 1949	Exh. (a)-1 to Pepco's Form 8-K, 2/8/50.
February 15, 1951	Exh. (a) to Pepco's Form 8-K, 3/9/51.
February 16, 1953	Exh. (a)-1 to Pepco's Form 8-K, 3/5/53.
March 15, 1954 and March 15, 1955	Exh. 4-B to Pepco's Registration Statement No. 2-11627, 5/2/55.
March 15, 1956	Exh. C to Pepco's Form 10-K, 4/4/56.
April 1, 1957	Exh. 4-B to Pepco's Registration Statement No. 2-13884, 2/5/58.
May 1, 1958	Exh. 2-B to Pepco's Registration Statement No. 2-14518, 11/10/58.
May 1, 1959	Exh. 4-B to Amendment No. 1, 5/13/59, to Pepco's Registration Statement No. 2-15027.
May 2, 1960	Exh. 2-B to Pepco's Registration Statement No. 2-17286, 11/9/60.
April 3, 1961	Exh. A-1 to Pepco's Form 10-K, 4/24/61.
May 1, 1962	Exh. 2-B to Pepco's Registration Statement No. 2-21037, 1/25/63.
May 1, 1963	Exh. 4-B to Pepco's Registration Statement No. 2-21961, 12/19/63.
April 23, 1964	Exh. 2-B to Pepco's Registration Statement No. 2-22344, 4/24/64.
May 3, 1965	Exh. 2-B to Pepco's Registration Statement No. 2-24655, 3/16/66.

Table of Contents

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference and Exhibit No</u>
	Dated as of	
	June 1, 1966	Exh. 1 to Pepco's Form 10-K, 4/11/67.
	April 28, 1967	Exh. 2-B to Post-Effective Amendment No. 1 to Pepco's Registration Statement No. 2-26356, 5/3/67.
	July 3, 1967	Exh. 2-B to Pepco's Registration Statement No. 2-28080, 1/25/68.
	May 1, 1968	Exh. 2-B to Pepco's Registration Statement No. 2-31896, 2/28/69.
	June 16, 1969	Exh. 2-B to Pepco's Registration Statement No. 2-36094, 1/27/70.
	May 15, 1970	Exh. 2-B to Pepco's Registration Statement No. 2-38038, 7/27/70.
	September 1, 1971	Exh. 2-C to Pepco's Registration Statement No. 2-45591, 9/1/72.
	June 17, 1981	Exh. 2 to Amendment No. 1 to Pepco's Form 8-A, 6/18/81.
	November 1, 1985	Exh. 2B to Pepco's Form 8-A, 11/1/85.
	September 16, 1987	
	May 1, 1989	Exh. 4-B to Pepco's Registration Statement No. 33-18229, 10/30/87.
	May 21, 1991	Exh. 4-C to Pepco's Registration Statement No. 33-29382, 6/16/89.
	May 7, 1992	Exh. 4 to Pepco's Form 10-K, 3/27/92.
	September 1, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
	November 1, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
	July 1, 1993	Exh. 4.4 to Pepco's Registration Statement No. 33-49973, 8/11/93.
	February 10, 1994	Exh. 4 to Pepco's Form 10-K, 3/25/94.
	February 11, 1994	Exh. 4 to Pepco's Form 10-K, 3/25/94.
	October 2, 1997	Exh. 4 to Pepco's Form 10-K, 3/26/98.
	November 17, 2003	Exh. 4.1 to Pepco's Form 10-K, 3/11/04.
	March 16, 2004	Exh. 4.3 to Pepco's Form 8-K, 3/23/04.
	May 24, 2005	Exh. 4.2 to Pepco's Form 8-K, 5/26/05.
	April 1, 2006	Exh. 4.1 to Pepco's Form 8-K, 4/17/06.
	November 13, 2007	Exh. 4.2 to Pepco's Form 8-K, 11/15/07.
	March 24, 2008	Exh. 4.1 to Pepco's Form 8-K, 3/28/08.
	December 3, 2008	Exh. 4.2 to Pepco's Form 8-K, 12/8/08.
	March 28, 2012	Exh. 4.2 to Pepco's Form 8-K, 3/29/12.
	March 11, 2013	Exh. 4.2 to Pepco's Form 8-K, 3/12/13.
	November 14, 2013	Exh. 4.2 to Pepco's Form 8-K, 11/15/13.
	March 11, 2014	Exh. 4.2 to Pepco's Form 8-K, 3/12/14.
	March 9, 2015	Exh. 4.3 to Pepco's Form 8-K, 3/10/15.
4.22	Indenture, dated as of July 28, 1989, between Potomac Electric Power Company and The Bank of New York Mellon, as trustee, with respect to Pepco's Medium-Term Note Program (incorporated herein by reference to Exhibit 4 to Pepco's Form 8-K, dated June 21, 1990).	
4.23	Senior Note Indenture, dated November 17, 2003 between Potomac Electric Power Company and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to Potomac Electric Power Company's Form 8-K, dated November 21, 2003)	
4.24	Supplemental Indenture, to the aforesaid Senior Note Indenture, dated March 3, 2008 (incorporated herein by reference to Exhibit 4.3 to Potomac Electric Power Company's Form 10-K, dated March 2, 2009).	
4.25	Mortgage and Deed of Trust of Delmarva Power & Light Company to The Bank of New York Mellon (ultimate successor to the New York Trust Company), as trustee, dated as of October 1, 1943 and copies of the First through Sixty-Eighth Supplemental Indentures thereto (incorporated herein by reference to Exhibit 4-A to Delmarva Power & Light Company's Registration Statement No. 33-1763, dated November 27, 1985)	

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>
4.26	Supplemental Indentures to Delmarva Power & Light Company's Mortgage and Deed of Trust (incorporated herein by reference to the following):

<u>Description</u>	<u>File Reference and Exhibit No.</u>
Copies of the First through Sixty-Eighth Supplemental Indentures thereto	Exh. 4-B to DPL's Registration Statement No. 33-39756, 4/03/91.
Sixty-Ninth Supplemental Indenture	
Seventieth through Seventy-Fourth Supplemental Indentures	Exhs. 4-B to DPL's Registration Statement No. 33-24955, 10/13/88.
Seventy-Fifth through Seventy-Seventh Supplemental Indentures	Exhs. 4-D, 4-E and 4-F to DPL's Registration Statement No. 33-39756, 4/03/91.
Seventy-Eighth and Seventy-Ninth Supplemental Indentures	Exhs. 4-E and 4-F to DPL's Registration Statement No. 33-46892, 4/1/92.
Eightieth Supplemental Indenture	Exh. 4 to DPL's Registration Statement No. 33-49750, 7/17/92.
Eighty-First Supplemental Indenture	Exh. 4-G to DPL's Registration Statement No. 33-57652, 1/29/93.
Eighty-Second Supplemental Indenture	Exh. 4-H to DPL's Registration Statement No. 33-63582, 5/28/93.
Eighty-Third Supplemental Indenture	Exh. 99 to DPL's Registration Statement No. 33-50453, 10/1/93.
Eighty-Fourth through Eighty-Eighth Supplemental Indentures	Exhs. 4-J, 4-K, 4-L, 4-M and 4-N to DPL's Registration Statement No. 33-53855, 1/30/95.
Eighty-Ninth and Ninetieth Supplemental Indentures	Exhs. 4-K and 4-L to DPL's Registration Statement No. 333-00505, 1/29/96.
Ninety-First Supplemental Indenture	Exh. 4.L to DPL's Registration Statement No. 333 24059, 3/27/97.
Ninety-Second Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Third Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Fourth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Fifth Supplemental Indenture	Exh. 4-K to DPL's Post-Effective Amendment No. 1 to Registration Statement No. 333-145691-02, 11/18/08.
Ninety-Sixth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Seventh Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Eighth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Ninth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundredth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and First Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>File Reference and Exhibit No.</u>
	Description	
	One Hundred and Second Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
	One Hundred and Third Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
	One Hundred and Fourth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
	One Hundred and Fifth Supplemental Indenture	Exh. 4.4 to DPL's Form 8-K, 10/1/09.
	One Hundred and Sixth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/25/11.
	One Hundred and Seventh Supplemental Indenture	Exh. 4.2 to DPL's Form 10-Q, 8/3/11.
	One Hundred and Eighth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 6/3/11.
	One Hundred and Ninth Supplemental Indenture	Exh. 4.3 to DPL's Form 10-Q, 8/7/12.
	One Hundred and Tenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 6/20/12.
	One Hundred and Eleventh Supplemental Indenture	Exh. 4.1 to DPL's Form 10-Q, 8/6/13.
	One Hundred and Twelfth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 11/8/13.
	One Hundred and Thirteenth Supplemental Indenture	Exhibit 4.4 to DPL's Form 10-K, 2/27/15.
	One Hundred and Fourteenth Supplemental Indenture	Exh. 4.3 to DPL's Form 8-K, 6/3/14.
	One Hundred and Fifteenth Supplemental Indenture	Exh. 4.4 to DPL's 10-K, 2/19/16
	One Hundred and Sixteenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 5/5/15.
4.27	Indenture between Delmarva Power & Light Company and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Manufacturers Hanover Trust Company), as trustee, dated as of November 1, 1988 (incorporated herein by reference to Exhibit No. 4-G to DPL's Registration Statement No. 33-46892, dated April 1, 1992)	
5.1	Opinion of Ballard Spahr LLP regarding the legality of the Securities.	
12.1	Statement regarding computation of ratio of earnings to fixed charges for Exelon and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for Exelon.	
12.2	Statement regarding computation of ratio of earnings to fixed charges for Generation.	
12.3	Statement regarding computation of ratio of earnings to fixed charges for ComEd.	
12.4	Statement regarding computation of ratio of earnings to fixed charges for PECO.	
12.5	Statement regarding computation of ratio of earnings to fixed charges for BGE.	
12.6	Statement regarding computation of ratio of earnings to fixed charges for Pepco.	

Table of Contents

<u>Exhibit No.</u>	<u>Description</u>
12.7	Statement regarding computation of ratio of earnings to fixed charges for DPL.
23.1	Consent of PricewaterhouseCoopers LLP for Exelon.
23.2	Consent of PricewaterhouseCoopers LLP for Generation.
23.3	Consent of PricewaterhouseCoopers LLP for ComEd.
23.4	Consent of PricewaterhouseCoopers LLP for PECO.
23.5	Consent of PricewaterhouseCoopers LLP for BGE.
23.6	Consent of PricewaterhouseCoopers LLP for Pepco.
23.7	Consent of PricewaterhouseCoopers LLP for DPL.
23.8	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
24.1	Powers of Attorney for Exelon (included on signature page).
24.2	Powers of Attorney for ComEd (included on signature page).
24.3	Powers of Attorney for PECO (included on signature page).
24.4	Powers of Attorney for BGE (included on signature page).
24.5	Powers of Attorney for Pepco (included on signature page).
24.6	Powers of Attorney for DPL (included on signature page).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, dated as of June 11, 2015, between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee.
25.2	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the Indenture, dated as of September 28, 2007, between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee.
25.3	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the First and Refunding Mortgage, dated May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee).
25.4	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Deutsche Bank Trust Company Americas, as trustee under the Indenture, dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, and the Indenture and Security Agreement, dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee.
25.5	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of BNY Mellon Trust Company of Illinois, as trustee under the Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923.
25.6	Form T-2 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of D.G. Donovan, as co-trustee under the Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923.
25.7	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the Indenture, dated as of September 1, 1987, between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee).

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>
25.8	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon to act as Trustee under the Mortgage and Deed of Trust, dated as of July 1, 1936, between Potomac Electric Power Company and The Bank of New York Mellon, as successor trustee.
25.9	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under Senior Note Indenture, dated November 17, 2003 between Potomac Electric Power Company and The Bank of New York Mellon, as trustee.
25.10	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture, dated as of July 28, 1989, between Potomac Electric Power Company and The Bank of New York Mellon, as trustee.
25.11	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Mortgage and Deed of Trust of Delmarva Power & Light Company to The Bank of New York Mellon (ultimate successor to the New York Trust Company), as trustee, dated as of October 1, 1943.
25.12	Form T-1 Statement of Eligibility of The Bank of New York Mellon Trust Company, N.A. under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture between Delmarva Power & Light Company and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Manufacturers Hanover Trust Company), as trustee, dated as of November 1, 1988.

* A form of Underwriting Agreement with respect to any Securities will be filed as an Exhibit on Form 8-K, as contemplated by Item 601(b)(1) of Regulation S-K under the Securities Act.

PECO Energy Company and Subsidiary Companies
Computation of Ratio of Net Earnings to Interest
Mortgage Provision Method (\$ 000)
June 30, 2018 and December 31, 2017

	6 Months Ended 6/30/2018	12 Months Ended 12/31/2017
Net Income on Common Stock	209,528	433,884
Plus:		
- Interest Applicable to Debt (excluding AFUDC)	(62,621)	(123,240)
- Income Taxes	(2,558)	103,885
Less:		
- Allowance for Funds Used During Construction	2,290	3,421
- Gain (Loss) on Sale of Real Estate	(496)	(432)
NET EARNINGS	142,555	411,540
Annualized Interest		
- On Mortgage Bonds Outstanding	55,476	119,913
- On Debt to Affiliates Outstanding	5,994	11,920
- On Other Loans	2,964	-
TOTAL INTEREST	64,434	131,833
RATIO OF NET EARNINGS TO INTEREST	2.21	3.12

PECO Energy Company and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges
SEC Method (\$ 000)
June 30, 2018 and December 31, 2017

	6 Months Ended 6/30/2018	12 Months Ended 12/31/2017
Earnings: (in thousands)		
Pre-tax income from continuing operations before adjustments for income or loss from equity investees	206,859	537,480
Plus: (Income) or loss from equity investees	-	-
Less: Interest capitalized/AFUDC	2,290	3,421
Pre-tax income from continuing operations after adjustments	204,569	534,059
Fixed charges:		
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	(60,331)	(119,819)
Interest component of rental expense *	3,119	4,842
Total fixed charges	(57,212)	(114,977)
Pre-tax income from continuing operations after adjustments plus fixed charges	147,357	419,082
RATIO OF EARNINGS TO FIXED CHARGES	(2.58)	(3.64)

* Represents one-third of rental expense relating to operating leases.

PECO Energy Company and Subsidiary Companies
Annualized Interest on First and Refunding Mortgage Bonds
June 30, 2018 and December 31, 2017

<u>Series</u>	<u>Type</u>	<u>Maturity Date</u>	<u>Outstanding Amount (\$000)</u>	<u>Annualized Interest 6/30/2018 (\$000)</u>	<u>Annualized Interest 12/31/2017 (\$000)</u>
5.350%	FRMB	March 1, 2018	\$ 500,000	4,458	\$ 26,750
1.700%	FRMB	September 15, 2021	\$ 300,000	2,550	\$ 5,100
2.375%	FRMB	September 15, 2022	\$ 350,000	4,156	\$ 8,313
3.150%	FRMB	October 15, 2025	\$ 350,000	5,513	\$ 11,025
5.900%	FRMB	May 1, 2034	\$ 75,000	2,213	\$ 4,425
5.950%	FRMB	October 1, 2036	\$ 300,000	8,925	\$ 17,850
5.700%	FRMB	March 15, 2037	\$ 175,000	4,988	\$ 9,975
4.800%	FRMB	October 15, 2043	\$ 250,000	6,000	\$ 12,000
4.150%	FRMB	October 1, 2044	\$ 300,000	6,225	\$ 12,450
3.700%	FRMB	September 15, 2047	\$ 325,000	6,013	\$ 12,025
3.900%	FRMB	March 1, 2048	\$ 325,000	4,436	\$ -
			<u>\$ 3,250,000</u>	<u>\$ 55,476</u>	<u>\$ 119,913</u>
5.000%	PIDC Loan	June 20, 2023	\$ 50,000	76	\$ -
7.380%	Trust III	April 6, 2028	80,521	2,971	\$ 5,942
6.250%	Trust III	April 6, 2028	805	-	\$ 50
5.750%	Trust IV	June 15, 2033	103,093	2,964	\$ 5,928
			<u>\$ 234,419</u>	<u>\$ 6,012</u>	<u>\$ 11,920</u>

FRMB - First and Refunding Mortgage Bonds

* \$2,925,000 outstanding at 12/31/17

PECO Energy Company and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges
and Preferred Dividends Combined (\$ 000)
Articles of Incorporation Method
June 30, 2018 and December 31, 2017

	6 Months Ended 6/30/2018	12 Months Ended 12/31/2017
NET INCOME	\$ 209,528	\$ 433,884
<i>Plus:</i>		
Interest Applicable to Debt (including AFUDC)	(60,331)	(119,819)
EARNINGS FOR COVERAGE	149,197	314,065
ANNUALIZED INTEREST		
First Mortgage Bonds	55,476	119,913
Long-term debt due to Financing Trusts	5,994	11,920
PIDC Loan	2,964	-
TOTAL ANNUALIZED INTEREST	64,434	131,833
Annualized Dividends on Outstanding Preferred Stock	-	-
PREFERRED DIVIDENDS AND INTEREST COMBINED	64,434	131,833
RATIO OF EARNINGS TO PREFERRED DIVIDENDS & INTEREST	2.32	2.38

**PECO Energy Company and Subsidiary Companies
Annual Dividend Requirements of Preferred Stock
As of June 30, 2018 and December 31, 2017**

None to Report

PECO Energy Company and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges
and Preferred Stock Dividend Requirements (\$ 000)
June 30, 2018 and December 31, 2017

Earnings: (in thousands)	6 Months Ended 6/30/2018	12 Months Ended 12/31/2017
Pre-tax income from continuing operations before adjustments for income or loss from equity investees	206,859	537,480
Plus: (Income) or loss from equity investees	-	-
Less: Interest capitalized/AFUDC	2,290	3,421
Preference security dividend requirements	-	-
Adjustments to Preferred Stock Dividends*	-	-
Pre-tax income from continuing operations after adjustments	204,569	534,059
Fixed charges: Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	(60,331)	(119,819)
Interest component of rental expense**	3,119	4,842
Total fixed charges	(57,212)	(114,977)
Preferred stock dividends: Dividends on Preferred Stock	-	-
Adjustments to Preferred Stock Dividends*	-	-
Total combined fixed charges and preferred stock dividends	(57,212)	(114,977)
Pre-tax income from continuing operations after adjustments plus fixed charges	147,357	419,082
Ratio of earnings to combined fixed charges and preferred stock dividends	(2.58)	(3.64)

* Additional charge equivalent to earnings required to adjust dividends on preferred stock to a pre-tax basis.

** Represents one-third of rental expense relating to operating leases.

PECO Energy Company
Condensed Notes to Financial Statements
(Dollars in millions, unless otherwise noted)

1. Basis of Presentation

Description of Business

PECO Energy Company (PECO) is a regulated utility engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

Basis of Presentation

PECO is an indirect, wholly-owned, subsidiary of Exelon Corporation (Exelon).

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the Pennsylvania Public Utility Commission (PAPUC) and the Federal Energy Regulatory Commission (FERC). The accompanying financial statements have been prepared in accordance with the accounting requirements of FERC as set forth in the Uniform System of Accounts (USOA) and accounting releases, which differ from accounting principles generally accepted in the United States of America (GAAP).

The accompanying financial statements as of June 30, 2018 and 2017 and for the three and six months then ended are unaudited but, in the opinion of PECO management, include all adjustments that are considered necessary for a fair presentation of PECO's financial statements in accordance with the USOA. All adjustments are of a normal and recurring nature. PECO performed an evaluation of subsequent events for the accompanying financial statements and notes included in this report to determine whether the circumstances warranted recognition and disclosure of those events or transactions in the financial statements as of June 30, 2018. These notes should be read in conjunction with the Notes to Financial Statements of PECO in the December 31, 2017 audited FERC Form No. 1 "Annual Report of Major Electric Utilities, Licensees and Others" (FERC Form No. 1).

The financial statements are presented on the basis of the accounting requirements of the FERC as set forth in its applicable USOA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The principal differences from Generally Accepted Accounting Principles (GAAP) include the exclusions of current maturities of long-term debt from current liabilities, the exclusion of debt issuance costs from long-term debt, the exclusion of restricted cash within cash and cash equivalents in the Statement of Cash Flows, the requirement to report deferred tax assets and liabilities separately rather than as a single amount, the classification of accrued taxes as assets and liabilities rather than a net amount, the exclusion of FIN 48 liabilities related to temporary income tax differences, and the classification of certain other assets and liabilities as current instead of noncurrent.

PECO's investments in its subsidiaries, ExTel Corporation, LLC, PECO Wireless, LLC, PECO Energy Capital Trust IV (PECO Trust IV) and PECO Energy Capital Corporation (PECC) are accounted for under the equity method of accounting in accordance with the USOA. PECO Wireless, LLC is the parent company of ATNP Finance Company and sole member of PEC Financial Services, LLC. PECC is the general partner of PECO Energy Capital, LP, which is the grantor of PECO Energy Capital Trust III (PECO Trust III). ExTel Corporation, LLC and PECO Wireless, LLC are consolidated in PECO's GAAP Financial Statements.

Prior Period Adjustments and Reclassifications

Beginning on January 1, 2018, PECO adopted the following new accounting standards requiring reclassification or adjustments to previously reported information as follows under GAAP:

- *Statement of Cash Flows: Classification of Restricted Cash.* PECO applied the new guidance using the full retrospective method and, accordingly, has recasted the presentation of restricted cash in their Statements of Cash Flows in the prior periods presented. The guidance was not adopted for FERC reporting and results in no change to the Statements of Cash Flows.
- *Revenue from Contracts with Customers.* PECO applied the new guidance using the full retrospective method. The guidance was not adopted for FERC reporting and results in no change to the Statements of Income.

Use of Estimates

The preparation of financial statements in conformity with USOA and GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for asset retirement obligations (AROs), pension and other postretirement benefits, inventory reserves, allowance for uncollectible accounts, goodwill, asset impairments, derivative instruments, fixed asset depreciation, environmental remediation costs, taxes and unbilled energy revenues. Actual results could differ from those estimates.

2. New Accounting Standards

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 PECO in its financial statements as of June 30, 2018. Unless otherwise indicated, PECO is currently assessing the impacts such guidance may have (which could be material) on its Balance Sheet, Statement of Income or Statement of Cash Flows and disclosures, as well as the potential to early adopt where applicable. PECO has assessed other FASB issuances of new standards which are not listed below given the current expectation that such standards will not significantly impact PECO's financial reporting.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective January 1, 2019. Early adoption is permitted; however, PECO will not early adopt the standard. The issued guidance required a modified retrospective transition approach, which requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented (January 1, 2017). In July 2018, the FASB issued an amendment to the standard giving entities the option to apply the requirements of the standard in the period of adoption (January 1, 2019) with no restatement of prior periods. PECO will assess this transition option when the FASB issues the standard.

The new guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only finance lease liabilities (referred to as capital leases) are recognized in the balance sheet. In addition, the definition of a lease has been revised which may result in changes to the classification of an arrangement as a lease. Under the new guidance, an arrangement that conveys the right to control the use of an identified asset by obtaining substantially all of its economic benefits and directing how it is used is a lease, whereas the current definition focuses on the ability to control the use of the asset or to obtain its output. Quantitative and qualitative disclosures related to the amount, timing and judgments of an entity's accounting for leases and the related cash flows are expanded. Disclosure requirements apply to both lessees and lessors, whereas current disclosures relate only to lessees. Significant changes to lease systems, processes and procedures are required to implement the requirements of the new standard. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. Lessor accounting is also largely unchanged.

The standard provides a number of transition practical expedients that entities may elect. These include a "package of three" expedients that must be taken together and allow entities to (1) not reassess whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. PECO expects to elect this practical expedient.

In January 2018, the FASB issued additional guidance which provides another optional transition practical expedient. This practical expedient allows entities to not evaluate land easements under the new guidance at adoption if they were not previously accounted for as leases.

PECO has assessed the lease standard and are executing a detailed implementation plan in preparation for adoption on January 1, 2019. Key activities in the implementation plan include:

- Developing a complete lease inventory and abstracting the required data attributes into a lease accounting system that supports PECO's lease portfolios and integrates with existing systems.
- Evaluating the transition practical expedients available under the guidance.
- Identifying, assessing and documenting technical accounting issues, policy considerations and financial reporting implications.
- Identifying and implementing changes to processes and controls to ensure all impacts of the new guidance are effectively addressed.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Goodwill Impairment (Issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two-step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. This updated guidance is not currently expected to impact PECO's financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Derivatives and Hedging (Issued September 2017): Allows more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The amendments are intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. There are also amendments related to effectiveness testing and disclosure requirements. The guidance is effective January 1, 2019 and early adoption is permitted with a modified retrospective transition approach. PECO is currently assessing this standard but do not currently expect a significant impact given the limited activity for which PECO elects hedge accounting and because PECO does not anticipate increasing their use of hedge accounting as a result of this standard.

3. Regulatory Matters

Except for the matters noted below, the disclosures set forth in Note 2 of the Notes to Financial Statement within PECO's 2017 FERC Form No. 1, reflect, in all material respects, the current status of regulatory and legislative proceedings of PECO. The following is an update to that discussion.

Pennsylvania Regulatory Matters

2018 Pennsylvania Electric Distribution Base Rate Case. On March 29, 2018, PECO filed a request with the PAPUC seeking approval to increase its electric distribution base rates by \$82 million beginning January 1, 2019. This requested amount includes the effect of an approximately \$71 million reduction as a result of the ongoing annual tax savings beginning January 1, 2019 associated with the TCJA. The requested ROE is 10.95%. PECO expects a decision on its electric distribution rate case proceeding in the fourth quarter of 2018 but cannot predict what increase, if any, the PAPUC will approve.

Tax Cuts and Jobs Act. As part of the rate case filing referenced above, PECO is seeking approval to pass back to electric distribution customers \$68 million in 2018 TCJA tax savings, which would be an additional offset to the proposed increase to its electric distribution rates. The amounts being proposed to be passed back to customers reflect the respective annual benefits of lower income tax rates established upon enactment of the TCJA. PECO cannot predict the amount or timing of the refunds the PAPUC will ultimately approve.

On May 17, 2018, the PAPUC issued an order to all Pennsylvania utility companies, including PECO, requiring that the annual tax savings beginning on January 1, 2018 associated with TCJA be passed back to customers. The order directs Pennsylvania utility companies without an existing base rate case, including PECO's gas distribution business, to start passing back the savings from January 1, 2018 onward through a negative surcharge mechanism to be effective on July 1, 2018. Pursuant to the May 17, 2018 Order, PECO filed a negative surcharge mechanism and began on July 1, 2018, to return an estimated \$4 million in annual 2018 tax savings to its natural gas distribution customers. For Pennsylvania utility companies with existing base rate cases, including PECO's electric distribution base rate case, the timing of when and how to pass the annual TCJA savings to customers will be resolved through the base rate case proceeding.

See Note 7 - Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

Federal Regulatory Matters

Transmission Formula Rate. On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate will be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of \$22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11%, inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. On May 4, 2018, the Chief Administrative Law Judge terminated settlement judge procedures and designated a new presiding judge. PECO cannot predict the final outcome of this proceeding, or the transmission formula FERC may approve.

On May 11, 2018, pursuant to the transmission formula rate request discussed above, PECO made its first annual formula rate update, which included a revenue decrease of \$6 million. The revenue decrease of \$6 million included an approximately \$20 million reduction as a result of the tax savings associated with the TCJA. The updated transmission rate was effective June 1, 2018, subject to refund.

PJM Transmission Rate Design. On June 15, 2016, a number of parties, including PECO, filed a proposed settlement with FERC to resolve outstanding issues related to cost responsibility for charges to transmission customers for certain transmission facilities that operate at or above 500 kV. The settlement included provisions for monthly credits or charges related to the periods prior to January 1, 2016 that are expected to be refunded or recovered through PJM wholesale transmission rates through December 2025.

On May 31, 2018, FERC issued an order approving the settlement and directed PJM to adjust wholesale transmission rates within 30 days. Pursuant to the order, similar charges for the period January 1, 2016 through June 30, 2018 will also be refunded or recovered through PJM wholesale transmission rates over the subsequent 12-month period. PJM will commence billing the refunds and charges associated with this settlement in August 2018. PECO expects to recover these settlement amounts through prospective electric distribution customer rates. On July 2, 2018, a number of parties filed petitions for rehearing or clarification.

Pursuant to the FERC approval of the settlement and the expected refund of the associated amounts from electric distribution customers, in the second quarter of 2018, PECO recorded an \$85 million receivable from PJM and \$85 million in related regulatory liability.

Regulatory Assets and Liabilities

PECO prepares its financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs. For additional information on the specific regulatory assets and liabilities, refer to pages 232 and 278 of this report.

Purchase of Receivables Program

PECO's purchase of receivable (POR) program requires PECO to purchase the accounts receivable from retail electric and natural gas suppliers that participate in consolidated billing. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. PECO does not record unbilled commodity receivables under its POR program.

Purchased receivables at June 30, 2018 and December 31, 2017 were \$66 million and \$70 million, respectively, and were recorded in other accounts receivable on PECO's Balance Sheet (Account 143). An allowance of \$4 million and \$5 million was recorded in accumulated provision for uncollectible accounts on PECO's Balance Sheet (Account 144) as of June 30, 2018 and December 31, 2017, respectively.

4. Fair Value of Financial Assets and Liabilities

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The carrying amounts and fair values of PECO's short-term liabilities, long-term debt and preferred securities as of June 30, 2018 and December 31, 2017 were as follows:

June 30, 2018

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Notes payable (Account 231)	\$ 50	\$ —	\$ 50		\$ 50
Long-term debt (including amounts due within one year) (Accounts 221 and 226)	2,793	—	2,819	50	2,869
Long-term debt to financing trusts (Account 223)	184	—	—	201	201

December 31, 2017

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Long-term debt (including amounts due within one year) (Accounts 221 and 226)	\$ 2,920	\$ —	\$ 3,194	\$ —	\$3,194
Long-term debt to financing trusts (Account 223)	184	—	—	204	204

Recurring Fair Value Measurements

PECO records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that PECO has the ability to access as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. There were no material transfers between Level 1 and Level 2 during the six months ended June 30, 2018 for Cash equivalents, Rabbi trust investments, and Deferred compensation obligations.

The following table presents assets and liabilities measured and recorded at fair value on PECO's Balance Sheet on a recurring basis and their level within the fair value hierarchy as of June 30, 2018 and December 31, 2017:

As of June 30, 2018

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents ^(a)	\$ 5	\$ —	\$ —	\$ 5
Rabbi trust investments - mutual funds	7	—	—	7
Rabbi trust investments - life insurance contracts	—	10	—	10
Rabbi trust investments subtotal	7	10	—	17
Total assets	12	10	—	22
Liabilities				
Deferred compensation obligation	—	(9)	—	(9)
Total liabilities	—	(9)	—	(9)
Total net assets (liabilities)	\$ 12	\$ 1	\$ —	\$ 13

<u>As of December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash equivalents ^(a)	\$ 228	\$ —	\$ —	\$ 228
Rabbi trust investments - mutual funds	7	—	—	7
Rabbi trust investments - life insurance contracts	—	10	—	10
Rabbi trust investments subtotal	<u>7</u>	<u>10</u>	<u>—</u>	<u>17</u>
Total assets	<u>235</u>	<u>10</u>	<u>—</u>	<u>245</u>
Liabilities				
Deferred compensation obligation	—	(11)	—	(11)
Total liabilities	<u>—</u>	<u>(11)</u>	<u>—</u>	<u>(11)</u>
Total net assets (liabilities)	<u>\$ 235</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ 234</u>

(a) Excludes cash of \$18 million and \$47 million as of June 30, 2018 and December 31, 2017.

PECO had no Level 3 assets or liabilities measured at fair value on a recurring basis during the six months ended June 30, 2018.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents. PECO's cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Rabbi Trust Investments. The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of PECO's executive management and directors. The Rabbi trusts assets are included in investments (Account 124) in PECO's Balance Sheet and consist primarily of mutual funds and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with PECO's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets.

Deferred Compensation Obligations. PECO's deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. PECO includes such plans in other current and noncurrent liabilities in its Balance Sheet. The value of PECO's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

5. Derivative Financial Instruments

PECO uses derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations.

Commodity Price Risk

PECO employs established policies and procedures to manage its risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and commodity products. PECO believes these instruments, which are either determined to be non-derivative or classified as economic hedges, mitigate exposure to fluctuations in commodity prices.

Derivative authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedges and fair value hedges.

Fair value authoritative guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Excluded from the table below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

Cash collateral held by PECO must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

Economic Hedges

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's results of operations and financial position as natural gas costs are fully recovered from customers under the PGC.

Credit Risk, Collateral and Contingent-Related Features

PECO would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date.

PECO's unsecured credit used by the suppliers represents PECO's net credit exposure. As of June 30, 2018, PECO had no net credit exposure to suppliers.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of June 30, 2018, PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2018, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of June 30, 2018, PECO could have been required to post approximately \$20 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

6. Debt and Credit Agreements

Short-Term Borrowings

PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. PECO may use its credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

As of June 30, 2018, PECO had \$50 million of commercial paper outstanding. As of December 31, 2017, PECO had no commercial paper borrowings outstanding.

Long-Term Debt

Issuance of Long-Term Debt

During the six months ended June 30, 2018, the following long-term debt was issued:

Type	Interest Rate	Maturity	Amount	Use of Proceeds
First and Refunding Mortgage Bonds	3.90%	March 1, 2048	\$ 325	Refinance a portion of maturing mortgage bonds.
Loan Agreement	2.00%	June 20, 2023	\$ 50	Funding to implement Electric Long-term Infrastructure Improvement Plan

During the six months ended June 30, 2017, PECO did not issue long-term debt.

Retirement of Long-Term Debt

During the six months ended June 30, 2018, the following long-term debt was retired:

Type	Interest Rate	Maturity	Amount
First Mortgage Bond	5.35%	March 1, 2018	\$ 500

During the six months ended June 30, 2017, PECO did not retire long-term debt.

7. Income Taxes

Corporate Tax Reform

On December 22, 2017, President Trump signed the TCJA into law. The TCJA makes many significant changes to the Internal Revenue Code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) creating a 30% limitation on deductible interest expense (not applicable to regulated utilities); (3) allowing 100% expensing for the cost of qualified property (not applicable to regulated utilities); (4) eliminating the domestic production activities deduction; (5) eliminating the corporate alternative minimum tax and changing how existing alternative minimum tax credits can be realized; and (6) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. The most significant change that impacts PECO is the reduction of the corporate federal income tax rate from 35% to 21% beginning January 1, 2018.

Pursuant to the enactment of the TCJA, PECO remeasured its existing deferred income tax balances as of December 31, 2017 to reflect the decrease in the corporate income tax rate from 35% to 21%, which resulted in a material decrease to their net deferred income tax liability balances as shown in the table below. PECO recorded corresponding regulatory liabilities to the extent such amounts are probable of settlement or recovery through customer rates and an adjustment to income tax expense for all other amounts. The amount and timing of potential settlements of the established net regulatory liabilities will be determined by PECO's rate regulators, subject to certain IRS "normalization" rules. See Note 3 — Regulatory Matters for further information.

PECO has completed its assessment of the majority of the applicable provisions in the TCJA and have recorded the associated impacts as of December 31, 2017. Under SAB 118 issued by the SEC in December 2017, PECO has recorded provisional income tax amounts as of December 31, 2017 for changes pursuant to the TCJA related to depreciation for which

the impacts could not be finalized upon issuance of PECO's financial statements, but for which reasonable estimates could be determined.

For property acquired and placed-in-service after September 27, 2017, the TCJA repeals 50% bonus depreciation for all taxpayers and in addition provides for 100% expensing for taxpayers other than regulated utilities. As a result, PECO will be required to evaluate the contractual terms of their fourth quarter 2017 capital additions to determine whether they still qualify for the prior tax law's 50% bonus depreciation as compared to no bonus depreciation pursuant to the TCJA.

At PECO, any required changes to the provisional estimates would result in the recording of regulatory assets or liabilities to the extent such amounts are probable of settlement or recovery through customer rates and a net change to income tax expense for any other amounts.

PECO expects any final adjustments to the provisional amounts to be recorded by the fourth quarter of 2018, which could be material to PECO's future results of operations or financial positions. The accounting for all other applicable provisions of the TCJA is considered complete based on our current interpretation of the provisions of the TCJA as enacted as of December 31, 2017.

While PECO has recorded the impacts of the TCJA based on its interpretation of the provisions as enacted, it is expected that technical corrections or other forms of guidance will be issued during 2018, which could result in material changes to previously finalized provisions. At this time, most states have not provided guidance regarding TCJA impacts and may issue guidance in 2018 which may impact estimates.

The net regulatory liabilities above include (1) amounts subject to IRS "normalization" rules that are required to be passed back to customers generally over the remaining useful life of the underlying assets giving rise to the associated deferred income taxes, and (2) amounts for which the timing of settlement with customers is subject to determinations by the rate regulators. The table below sets forth PECO's estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

Subject to IRS Normalization Rules	\$	533
Subject to Rate Regulator Determination		43
Net Regulatory Liabilities	<u>\$</u>	<u>576</u>

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. Refer to Note 3 - Regulatory Matters for additional information.

The net regulatory liability amounts subject to the IRS normalization rules generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years. For the other amounts, rate regulators could require the passing back of amounts to customers over shorter time frames.

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30,	
	2018	2017
U.S. Federal statutory rate	21.0 %	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	(3.7)	(0.7)
Amortization of investment tax credit	(0.1)	(0.4)
Plant basis differences	(19.3)	(18.9)
Equity in loss of subsidiary companies	(1.0)	(12.0)
Other	(9.2)	0.3
Effective income tax rate	<u>(12.3)%</u>	<u>3.3%</u>

	Six Months Ended June 30,	
	2018	2017
U.S. Federal statutory rate	21.0 %	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	(4.0)	(0.2)
Amortization of investment tax credit	(0.1)	(0.2)
Plant basis differences	(20.4)	(16.9)
Equity in loss of subsidiary companies	(0.4)	(11.6)
Other	(9.6)	0.2
Effective income tax rate	(13.5)%	6.3%

PECO's income tax expense and effective income tax rate reflect the effects of income taxes associated with certain subsidiary companies that are disregarded entities for Federal income tax purposes and have been accounted for under the equity method of accounting in accordance with the USOA.

PECO's income tax expense and effective income tax rate do not reflect the income taxes associated with ATNP, a wholly owned subsidiary company. ATNP has also been accounted for under the equity method of accounting under the USOA, however it is a separate company for Federal income tax purposes, and as a result the income tax expense associated with ATNP has been recorded in Account 418.1, Equity in Earnings of Subsidiary Companies, and as such the net income of ATNP has been identified as a reconciling item between the U.S. Federal statutory rate and the effective income tax rate above.

Accounting for Uncertainty in Income Taxes

PECO has no unrecognized tax benefits as of June 30, 2018 and December 31, 2017.

8. Nuclear Decommissioning

Nuclear Decommissioning Trust Fund Investments.

Nuclear Decommissioning Trust (NDT) funds have been established for each of the former PECO generating station units to satisfy the nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with the former PECO units have been funded with amounts collected from PECO customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2018, and the effective rates currently yield annual collections of approximately \$4 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2023.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by ZionSolutions. The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted effective January 1, 2018.

9. Retirement Benefits

PECO participates in defined benefit pension plans and postretirement benefit plans sponsored by Exelon. Substantially all PECO employees are eligible to participate in these plans. The amounts below represent PECO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within PECO's Balance Sheet and Operating and maintenance expense within PECO's Statement of Income during the three and six months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Pension and postretirement benefit costs	\$5	\$7	\$10	\$14

401(k) Savings Plan

PECO participates in various 401(k) defined contribution savings plans sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. PECO matches a percentage of the employee contributions up to certain limits. The following table presents the cost of matching contributions to the savings plans for PECO during the three and six months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Savings plan matching contributions	\$2	\$2	\$4	\$4

10. Commitments and Contingencies

For information regarding commitments and contingencies at December 31, 2017, see Note 15 of the Notes to the Financial Statements within PECO's 2017 FERC Form No. 1.

Commercial Commitments

PECO's commercial commitments as of June 30, 2018, representing commitments potentially triggered by future events, were as follows:

	June 30, 2018
Surety bonds ^(a)	9
Financing trust guarantees	178
Total commercial commitments	\$ 187

(a) Surety bonds - Guarantees issued related to contract and commercial agreements, excluding bid bonds.

Environmental Issues

General. PECO's operations have in the past, and may in the future, require substantial expenditures to comply with environmental laws. Additionally, under Federal and state environmental laws, PECO is generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. PECO owns or leases a number of real estate parcels, including parcels on which its operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, PECO is currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, PECO cannot reasonably estimate whether it will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by PECO, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on PECO's financial conditions, results of operations and cash flows.

PECO has identified sites where former manufactured MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location. PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements and 9 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

Pursuant to settlements of natural gas distribution rate cases with the PAPUC, PECO is currently recovering environmental costs for the remediation of former MGP facility sites through customer rates, for which it has recorded a regulatory asset.

As of June 30, 2018 and December 31, 2017, PECO has accrued the following undiscounted amounts for environmental liabilities in Account 228.4, Accumulated Miscellaneous Operating Provisions within its Balance Sheet

	<u>Total Environmental Investigation and Remediation Reserve</u>	<u>Portion of Total Related to MGP Investigation and Remediation</u>
June 30, 2018	\$28	\$27
December 31, 2017	\$30	\$28

Litigation Matters

PECO is involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. PECO maintains accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes

See Note 7 — Income Taxes for information regarding PECO's income tax refund claims and certain tax positions.

11. Supplemental Financial Information

Supplemental Statement of Income Information.

Utility taxes included in revenues and expenses of PECO's Statement of Income were \$30 million and \$29 million for the three months ended June 30, 2018 and 2017, respectively. Utility taxes included in revenues and expenses of PECO's Statement of Income were \$63 million and \$60 million for the six months ended June 30, 2018 and 2017, respectively.

Supplemental Statement of Cash Flows Information

Cash paid for interest (net of amount capitalized) was \$58 million and \$52 million for the six months ended June 30, 2018 and 2017, respectively. Cash refunded for income taxes (net of cash payments) were \$30 million and \$75 million for the six months ended June 30, 2018 and 2017, respectively.

PECO's Statement of Cash Flows included non-cash investing activities for an increase (decrease) in capital expenditures not paid of \$(17) million and \$(44) million for the six months ended June 30, 2018 and 2017, respectively.

Installment Plan Receivables.

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year. The receivable balance for these payment agreement receivables is recorded in accounts receivable (Account 142) for the current portion and other deferred debits and other assets (Account 186) for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was \$11 million as of June 30, 2018 and December 31, 2017. The allowance for uncollectible accounts balance associated with these receivables at June 30, 2018 of \$12 million consists of \$4 million and \$8 million for medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2017 of \$11 million consists of \$3 million and \$8 million for medium risk and high risk segments, respectively. For further information

regarding uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables, refer to Note 1—Significant Accounting Policies of the 2017 FERC Form 1.

PECO Energy Company
Condensed Notes to Financial Statements
(Dollars in millions, unless otherwise noted)

1. Significant Accounting Policies

Description of Business

Incorporated in Pennsylvania in 1929, PECO Energy Company (PECO) is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to residential, commercial and industrial customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to residential, commercial and industrial customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is subject to extensive regulation by the Pennsylvania Public Utility Commission (PAPUC) as to electric and gas distribution rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by the Federal Energy Regulatory Commission (FERC) as to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other aspects of gas operations. Additionally, PECO is also subject to the North American Electric Reliability Corporation (NERC) mandatory reliability standards. Pursuant to the Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996 (Competition Act), the Commonwealth of Pennsylvania required the unbundling of retail electric services in Pennsylvania into separate energy transmission and distribution services with open retail competition for generation services. PECO serves as the local distribution company providing electric distribution services in its franchised service territory in southeastern Pennsylvania and energy service to customers who do not choose a competitive electric generation supplier or who choose to return to the utility after taking service from a competitive electric generation supplier.

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon Corporation (Exelon), which indirectly owns 100% of PECO's common stock. At December 31, 2017 and 2016, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding.

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the PAPUC and FERC. The accompanying financial statements have been prepared in accordance with the accounting requirements of FERC as set forth in the Uniform System of Accounts (USOA) and accounting releases, which differ from accounting principles generally accepted in the United States of America (GAAP). The principal differences from GAAP include the exclusions of current maturities of long-term debt from current liabilities, the exclusion of debt issuance costs from long-term debt, the requirement to report deferred tax assets and liabilities separately rather than as a single amount, the classification of accrued taxes as assets and liabilities rather than a net amount, the exclusion of FIN 48 liabilities related to temporary income tax differences, and the classification of certain other assets and liabilities as current instead of noncurrent.

PECO's investments in its subsidiaries, ExTel Corporation, LLC, PECO Wireless, LLC, PECO Energy Capital Trust IV (PECO Trust IV) and PECO Energy Capital Corporation (PECC) are accounted for under the equity method of accounting in accordance with the USOA. PECO Wireless, LLC is the parent company of ATNP Finance Company and sole member of PEC Financial Services, LLC. PECC is the general partner of PECO Energy Capital, L.P., which is the grantor of PECO Energy Capital Trust III (PECO Trust III). ExTel Corporation, LLC and PECO Wireless, LLC are consolidated in PECO's GAAP Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with USOA and GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for asset retirement obligations (AROs), pension and other postretirement benefits, inventory reserves, allowance for uncollectible accounts, asset impairments, derivative instruments, fixed asset depreciation, environmental remediation costs, taxes and unbilled energy revenues. Actual results could differ from those estimates.

Accounting for the Effects of Regulation

PECO applies the authoritative guidance for accounting for certain types of regulation, which requires PECO to record in its financial statements the effects of cost-based rate regulation for entities with regulated operations that meet the following criteria: (1) rates are established or approved by a third-party regulator; (2) rates are designed to recover the entity's cost of providing services or products; and (3) there is a reasonable expectation that rates designed to recover costs can be charged to and collected from customers. PECO accounts for its regulated operations in accordance with regulatory and legislative guidance from the regulatory authorities having jurisdiction, principally PAPUC under state public utility laws and the FERC under various Federal laws. Regulatory assets and liabilities are amortized and the related expense or revenue is recognized in the Statement of Income consistent with the recovery or refund included in customer rates. PECO believes that it is probable that its currently recorded regulatory assets and liabilities will be recovered and settled, respectively, in future rates. However, PECO continues to evaluate its ability to continue to apply the authoritative guidance for accounting for certain types of regulation, including consideration of current events in its regulatory and political environments. If a separable portion of PECO's business was no longer able to meet the criteria discussed above, PECO would be required to eliminate from its financial statements the effects of regulation for that portion, which could have a material impact on its results of operations and financial position. See Note 2—Regulatory Matters for additional information.

With the exception of income tax-related regulatory assets and liabilities, PECO classifies regulatory assets and liabilities with a recovery or settlement period greater than one year as both current and non-current in its Balance Sheet, with the current portion representing the amount expected to be recovered from or settled to customers over the next twelve-month period as of the balance sheet date. Income tax-related regulatory assets and liabilities are classified entirely as non-current on PECO's Balance Sheets to align with the classification of the related deferred income tax balances.

PECO treats the impacts of a final rate order received after the balance sheet date but prior to the issuance of the financial statements as a non-recognized subsequent event, as the receipt of a final rater order is a separate and distinct event that has future impacts on the parties affected by the order.

Revenues

Operating Revenues. Operating revenues are recorded as service is rendered or energy is delivered to customers. At the end of each month, PECO accrues an estimate for the unbilled amount of energy delivered or services provided to customers. PECO records its best estimate of its transmission revenue impacts resulting from changes in rates that PECO believes is probable of approval by FERC in accordance with its formula rate mechanisms. See Note 3—Accounts Receivable for further information.

Income Taxes

Deferred Federal and state income taxes are recorded on significant temporary differences between the book and tax basis of assets and liabilities and for tax benefits carried forward. Investment tax credits have been deferred on PECO's Balance Sheet and are recognized in book income over the life of the related property. In accordance with USOA, PECO reports deferred income tax balances arising from temporary differences in Accounts 190, 282 and 283 as appropriate, which differs from the net presentation required by GAAP. See Note 9 - Income Taxes for additional information. PECO recognizes accrued interest related to unrecognized tax benefits in Interest expense or Interest income in Other income and deductions on its Statement of Income.

PECO accounts for uncertain income tax positions in accordance with FERC's guidance on Accounting and Financial Reporting for Uncertainty in Income Taxes, issued in Docket No. AI07-2-000 for FERC reporting purposes. The guidance requires, among other things, that entities should continue to recognize deferred income taxes for FERC accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in financial statements.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, Exelon and its subsidiaries, including PECO, file consolidated or combined income tax returns for Federal and certain state jurisdictions where allowed or required. See Note 9—Income Taxes for additional information.

PECO is a party to an agreement (Tax Sharing Agreement) with Exelon that provides for the allocation of consolidated tax liabilities and benefits. The Tax Sharing Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members. That allocation is treated as a contribution to the capital of the party receiving the benefit.

Taxes Directly Imposed on Revenue-Producing Transactions

PECO collects certain taxes from customers such as sales and gross receipts taxes, along with other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of gas and electricity. Some of these taxes are imposed on the customer, but paid by PECO, while others are imposed on PECO. Where these taxes are imposed on the customer, such as sales taxes, they are reported on a net basis with no impact to the Statement of Income. However, where these taxes are imposed on PECO, such as gross receipts taxes or other surcharges or fees, they are reported on a gross basis. Accordingly, revenues are recognized for the taxes collected from customers along with an offsetting expense. See Note 15—Supplemental Financial Information for PECO's utility taxes that are presented on a gross basis.

Cash and Cash Equivalents

PECO considers investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments recorded in Account 134 represent restricted funds to satisfy designated current liabilities. As of December 31, 2017 and 2016, PECO's restricted cash primarily represented funds from the sales of assets that were subject to PECO's mortgage indenture. PECO's restricted cash is not available for general operations until released from the mortgage indenture.

Restricted cash and cash equivalents not available to satisfy current liabilities are classified as noncurrent assets.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts reflects PECO's best estimates of losses on the customers' accounts receivable balances. PECO estimates the allowance for uncollectible accounts on customer receivables by applying loss rates developed specifically for PECO to the outstanding receivable balance by customer risk segment. Risk segments represent a group of customers with similar credit quality indicators that are computed based on various attributes, including delinquency of their balances and payment history. Loss rates applied to the accounts receivable balances are based on a historical average of charge-offs as a percentage of accounts receivable in each risk segment. Customers' accounts are generally considered delinquent if the amount billed is not received by the time the next bill is issued, which normally occurs on a monthly basis. Customer accounts are written off consistent with approved regulatory requirements. PECO's provisions for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions as well as changes in PAPUC regulations.

Variable Interest Entities

PECO accounts for its investments in and arrangements with VIEs based on the authoritative guidance which includes the following specific requirements:

- requires an entity to qualitatively assess whether it should consolidate a VIE based on whether the entity has a controlling financial interest, meaning (1) has the power to direct the activities that most significantly impact the VIE's economic performance, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE,
- requires an ongoing reconsideration of this assessment instead of only upon certain triggering events, and
- requires the entity that consolidates a VIE (the primary beneficiary) to disclose (1) the assets of the consolidated VIE, if they can be used to only settle specific obligations of the consolidated VIE, and (2) the liabilities of a consolidated VIE for which creditors do not have recourse to the general credit of the primary beneficiary.

PECO does not have any significant VIEs.

Inventories

Inventory is recorded at the lower of weighted average cost or net realizable value. Provisions are recorded for excess and obsolete inventory.

Gas. Gas inventory includes the weighted average costs of stored natural gas and propane. The costs of natural gas and propane are generally included in inventory when purchased and charged to purchased power and fuel expense at weighted average cost when used or sold. PECO has several long-term storage contracts for natural gas as well as a liquefied natural gas storage facility.

Materials and Supplies. Materials and supplies inventory generally includes transmission, distribution and generating plant materials. Materials are generally charged to inventory when purchased and expensed or capitalized to property, plant and equipment, as appropriate, at weighted average when installed or used.

Marketable Securities

All marketable securities are reported at fair value. Unrealized gains and losses, net of tax, for PECO's available-for-sale securities are reported in Other comprehensive income (OCI). Beginning January 1, 2018, the authoritative guidance eliminates the available-for-sale classification for equity securities and requires that all equity investments (other than those accounted for using the equity method of accounting) be measured and recorded at fair value with any changes in fair value recorded through earnings. The new authoritative guidance does not impact the classification or measurement of investments in debt securities.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost. Original cost includes construction-related direct labor and materials, and when appropriate allowance for funds used during construction (AFUDC) for regulated property at ComEd. The cost of repairs and maintenance, including planned major maintenance activities and minor replacements of property, is charged to Operating and maintenance expense as incurred. ComEd also capitalizes indirect construction costs including labor and related costs of departments associated with supporting construction activities.

Third parties reimburse PECO for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs (CIAC) are recorded as a reduction to Property, Plant and Equipment. The U.S. Department of Energy (DOE) smart grid investment grant (SGIG) and other funds reimbursed to PECO by the DOE are accounted for as CIAC.

Upon retirement, the cost of property, net of salvage, is charged to accumulated depreciation consistent with the composite and group methods of depreciation. Removal costs are capitalized to accumulated depreciation when incurred and recorded to depreciation expense over the life of the new asset constructed consistent with PECO's regulatory recovery method.

See Note 4—Property, Plant and Equipment for additional information regarding property, plant and equipment.

Capitalized Software Costs

Costs incurred during the application development stage of software projects that are internally developed or purchased for operational use are capitalized within Property, plant, and equipment. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives based on the expected life or pursuant to prescribed regulatory requirements. At December 31, 2017 and 2016, PECO's net unamortized capitalized software costs were \$111 million and \$91 million, respectively. During the years ended 2017 and 2016, PECO's amortization of capitalized software costs were \$39 million and \$33 million, respectively.

Depreciation and Amortization

Depreciation is generally recorded over the estimated service lives of property, plant and equipment on a straight-line basis using the group, composite or unitary methods of depreciation. The group approach is typically for groups of similar assets that have approximately the same useful lives and the composite approach is used for dissimilar assets that have different lives. Under both methods, a reporting entity depreciates the assets over the average life of the assets in the group. PECO's depreciation expense includes the estimated cost of dismantling and removing plant from service upon retirement, which is consistent with each utility's regulatory recovery method. The estimated service lives for PECO is primarily based on its most recent depreciation studies of historical asset retirement and removal cost experience. See Note 4 — Property, Plant and Equipment for further information regarding depreciation.

Amortization of regulatory assets and liabilities are recorded over the recovery or refund period specified in the related legislation or regulatory order or agreement. When the recovery or refund period is less than one year, amortization is recorded to the line item in which the deferred cost or income would have originally been recorded in PECO's Statement of Income. Amortization of PECO's transmission formula rate regulatory assets are recorded to Operating revenues. With the exception of income tax-related regulatory assets, when the recovery period is more than one year, the amortization is recorded to Depreciation and amortization (Account 403) in PECO's Statement of Income. For income tax related regulatory assets, amortization is generally recorded to Income tax expense (Account 409.1) in PECO's Statement of Income. See Note 2—Regulatory Matters for additional information regarding PECO's regulatory assets.

Asset Retirement Obligations

The authoritative guidance for accounting for AROs requires the recognition of a liability for a legal obligation to perform an asset retirement activity even though the timing and/or method of settlement may be conditional on a future event. The liabilities associated with PECO's AROs are adjusted on an ongoing rotational basis, at least once every five years unless circumstances warrant more frequent updates. Changes to the recorded value of an ARO result from the passage of new laws and regulations, revisions to either the timing or amount of estimates of undiscounted cash flows, and estimates of cost escalation factors. AROs are accreted throughout each year to reflect the time value of money for these present value obligations through a charge to operating and maintenance expense in the Statement of Income or, in the case of the majority of PECO's accretion, through an increase to regulatory assets. See Note 10—Asset Retirement Obligations for additional information.

AFUDC

PECO applies the authoritative guidance for accounting for certain types of regulation to calculate AFUDC, which is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded to construction work in progress and as a non-cash credit to AFUDC that is included in Account 432, Allowance for borrowed funds used during construction - credit, for debt-related funds and Account 419.1, Allowance for other funds used during construction, for equity-related funds. The rates used for capitalizing AFUDC are computed under a method prescribed by regulatory authorities. During 2017 and 2016, credits to AFUDC debt and equity were \$12 million and \$11 million, respectively.

Guarantees

PECO recognizes, at the inception of a guarantee, a liability for the fair market value of the obligations it has undertaken by issuing the guarantee, including the ongoing obligation to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

The liability that is initially recognized at the inception of the guarantee is reduced as PECO is released from risk under the guarantee. Depending on the nature of the guarantee, PECO's release from risk may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee.

Asset Impairments

PECO evaluates the carrying value of its long-lived assets or asset groups when circumstances indicate the carrying value of those assets may not be recoverable. Indicators of impairment may include a deteriorating business climate, including, but not limited to, declines in energy prices, condition of the asset, specific regulatory disallowance, or plans to dispose of a long-lived asset significantly before the end of its useful life. PECO determines if long-lived assets and asset groups are impaired by comparing the undiscounted expected future cash flows to the carrying value. When the undiscounted cash flow analysis indicates a long-lived asset or asset group is not recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

Derivative Financial Instruments

PECO has entered into derivative natural gas contracts to hedge its long-term price risk in the natural gas market. PECO has entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved Default Service Provider Program (DSP Program). PECO does not enter into derivatives for proprietary trading purposes. PECO's derivative activities are in accordance with Exelon's Risk Management Policy.

All derivatives are recognized on the balance sheet at their fair value unless they qualify for certain exceptions, including the normal purchases and normal sales scope exception. Additionally, derivatives that qualify and are designated for hedge accounting are classified as either hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing cash flows in the Statement of Cash Flows, depending on the underlying nature of the PECO's hedged items.

Revenues and expenses on derivative contracts that qualify, and are designated, as normal purchases and normal sales are recognized when the underlying physical transaction is completed. While these contracts are considered derivative financial instruments, they are not required to be recorded at fair value, but rather are recorded on an accrual basis of accounting. Normal purchases and normal sales are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and will not be financially settled. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the exceptions, the fair value of the related contract would be recorded on the balance sheet and offset by a regulatory asset or liability. See Note 8-Derivative Financial Instruments for additional information.

Retirement Benefits

PECO participates in Exelon's defined benefit pension plans and other postretirement plans. The measurement of the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions and inputs and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Statement of Income. Gains or losses in excess of the greater of ten percent of the projected benefit obligation or the market related value (MRV) of plan assets are amortized over the expected average remaining service period of plan participants. See Note 11—Retirement Benefits for additional discussion of PECO's accounting for retirement benefits.

New Accounting Pronouncements

New Accounting Standards Issued and Adopted as of January 1, 2018: The following new authoritative accounting guidance issued by the FASB has been adopted as of January 1, 2018 and will be reflected by PECO in the consolidated financial statements beginning in the first quarter of 2018. Unless otherwise indicated, adoption of the new guidance in each instance will have no or insignificant impacts on PECO's Statements of Income, Statements of Cash Flows, Balance Sheets and disclosures.

Revenue from Contracts with Customers (Issued May 2014 and subsequently amended to address implementation questions; Adopted January 1, 2018): 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. PECO did not early adopt this 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. 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). PECO will apply the new guidance using the full retrospective method, which will not have a material impact on previously issued financial statements.

In coordination with the AICPA Power and Utilities Industry Task Force, PECO reached conclusions on the following key accounting issues:

- PECO's tariff sale contracts, including those with lower credit quality customers, are generally deemed to be probable of collection under the guidance and, thus, the timing of revenue recognition will continue to be concurrent with the delivery of electricity or natural gas, consistent with current practice;

- Consistent with current industry practice, revenues recognized from sales of bundled energy commodities (i.e., contracts involving the delivery of multiple energy commodities such as electricity, capacity, ancillary services, etc.) are generally expected to be recognized upon delivery to the customer in an amount based on the invoice price given that it corresponds directly with the value of the commodities transferred to the customer; and
- Contributions in aid of construction are outside of the scope of the standard and, therefore, will continue to be accounted for as a reduction to Property, Plant, and Equipment.

In assessing the impacts of the new revenue guidance, PECO identified the following items that will be accounted for differently:

- Costs to acquire certain contracts (e.g., sales commissions associated with retail power contracts) will be deferred and amortized ratably over the term of the contract rather than being expensed as incurred; and
- Variable consideration within certain contracts (e.g., performance bonuses) will be estimated and recognized as revenue over the term of the contract rather than being recognized when realized.

Based on an assessment of existing contracts and revenue streams, the new guidance, including the identified changes above, will not have a material impact on the amount and timing of PECO's revenue recognition.

One of the new disclosure requirements is to present disaggregated revenue into categories that show how economic factors affect the nature, amount, timing, and uncertainty of revenue and cash flows. In order to comply with this new disclosure requirement, PECO will disclose disaggregated revenue by major customer class (i.e., residential and commercial and industrial) separately for electric and gas in the Notes to Financial Statements. In addition, pursuant to the requirements of the new standard, Exelon and the Utility Registrants will present alternative revenue program revenue separately from revenue from contracts with customers on the face of their Statements of Income.

Recognition and Measurement of Financial Assets and Financial Liabilities (Issued January 2016; Adopted January 1, 2018): Eliminates the available-for-sale and cost method classification for equity securities and requires that all equity investments (other than those accounted for using the equity method of accounting) be measured and recorded at fair value with any changes in fair value recorded through earnings and, for equity investments without a readily determinable fair value, provides a measurement alternative of cost less impairment plus or minus adjustments for observable price changes in identical or similar assets. In addition, equity investments without readily determinable fair values must be qualitatively assessed for impairment each reporting period and fair value determined if any significant impairment indicators exist. If fair value is less than carrying value, the impairment is recorded through net income immediately in the period in which it is identified. The guidance does not impact the classification or measurement of investments in debt securities. The guidance also amends several disclosure requirements, including requiring i) financial assets and financial liabilities to be presented separately in the balance sheet or note, grouped by measurement category and form, ii) disclosure of the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and iii) for financial assets and liabilities measured at amortized cost, disclosure of the fair value of the amount that would be received to sell the asset or paid to transfer the liability. The guidance is effective January 1, 2018 and must be applied using a modified retrospective transition approach with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption. PECO recorded an insignificant adjustment to opening retained earnings as of January 1, 2018 related to unrealized gains/losses on available for sale equity securities.

Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (Issued August 2016; Adopted January 1, 2018) and Restricted Cash (Issued November 2016; Adopted January 1, 2018): In 2016, the FASB issued two standards impacting the Statement of Cash Flows. The first adds or clarifies guidance on the classification of certain cash receipts and payments on the statement of cash flows as follows: debt prepayment or extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies and bank-owned life insurance policies, distributions received from equity method investees, beneficial interest in securitization transactions, and the application of the predominance principle to separately identifiable cash flows. The second states that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows (instead of being presented as cash flow activities). The new standards are effective on January 1, 2018 and must be applied on a full retrospective basis. Adoption of the second standard will result in a change in presentation of restricted cash on the face of the Statement of Cash Flows; otherwise this guidance will not have a significant impact on the PECO's Consolidated Statements of Cash Flows and disclosures.

Intra-Entity Transfers of Assets Other Than Inventory (Issued October 2016; Adopted January 1, 2018): Requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs

(current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party). The standard is effective January 1, 2018 with early adoption permitted. The guidance requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Clarifying the Definition of a Business (Issued January 2017; Adopted January 1, 2018): Clarifies the definition of a business with the objective of addressing whether acquisitions (or dispositions) should be accounted for as acquisitions/dispositions of assets or as acquisitions/dispositions of businesses. If substantially all the fair value of the assets acquired/disposed of is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of transferred assets and activities is not a business. If the fair value of the assets acquired/disposed of is not concentrated in a single identifiable asset or a group of similar identifiable assets, then an entity must evaluate whether an input and a substantive process exist, which together significantly contribute to the ability to produce outputs. The standard also revises the definition of outputs to focus on goods and services to customers. The standard will likely result in more acquisitions being accounted for as asset acquisitions. The standard is effective January 1, 2018, with early adoption permitted, and must be applied on a prospective basis. PECO did not early adopt the guidance.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Issued March 2017; Adopted January 1, 2018): Changes the accounting and presentation of pension and OPEB costs at the plan sponsor (i.e., Exelon) level. The guidance requires plan sponsors to report the service cost and other non-service cost components of net periodic pension cost and net periodic OPEB cost (together, net benefit cost) separately. Under the new guidance, service cost is presented as part of income from operations and the other non-service cost components are classified outside of income from operations on the Consolidated Statements of Operations and Comprehensive Income. Additionally, service cost is the only component eligible for capitalization. Under prior GAAP, the total amount of net benefit cost was recorded as part of income from operations and all components were eligible for capitalization.

PECO participates in Exelon's single employer pension and OPEB plans and apply multi-employer accounting. Multi-employer accounting is not impacted by this standard; therefore, Exelon's subsidiary financial statements will not change upon its adoption. On Exelon's consolidated financial statements, non-service cost components of pension and OPEB cost capitalizable under a regulatory framework are prospectively reported as regulatory assets (currently, they are capitalizable under pension and OPEB accounting guidance and reported as PP&E). These regulatory assets are amortized outside of operating income.

The presentation of the service cost component and the other non-service cost components of net benefit cost will be applied retrospectively in the Exelon consolidated financial statements beginning in the first quarter of 2018. On Exelon's consolidated financial statements, service cost will continue to be reported in Operating and maintenance and Non-service cost will be reported outside of operating income. The prospective change in the capitalization eligibility is not expected to have a significant impact on Exelon's consolidated net income.

New Accounting Standards Issued and Not Yet Adopted as of December 31, 2017: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by PECO in the consolidated financial statements as of December 31, 2017. Unless otherwise indicated, the PECO is currently assessing the impacts such guidance may have (which could be material) on the Balance Sheets, Statements of Income, Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. PECO has assessed other FASB issuances of new standards which are not listed below given the current expectation such standards will not significantly impact the PECO's financial reporting.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective January 1, 2019. Early adoption is permitted, however PECO will not early adopt the standard. The issued guidance required a modified retrospective transition approach, which requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented (January 1, 2017). In January 2018, the FASB proposed amending the standard to give entities another option for transition. The proposed transition method would allow entities to initially apply the requirements of the standard in the period of adoption (January 1, 2019). PECO will assess this transition option when the FASB issues the standard.

The new guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only finance lease liabilities (referred to as capital leases) are recognized in the balance sheet. In addition, the definition of a lease has been revised when an arrangement conveys the right to control the use of the identified asset which may change the classification of an arrangement as a lease. Quantitative and qualitative disclosures related to the amount, timing and judgments of an entity's accounting for leases and the related cash flows are also expanded. Disclosure requirements apply to both lessees and lessors, whereas current disclosures relate only to lessees. Significant changes to lease systems, processes and procedures are required to implement the requirements of the new standard. The

recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. Lessor accounting is also largely unchanged.

The standard provides a number of transition practical expedients that entities may elect. These include a "package of three" expedients that must be taken together and allow entities to (1) not reassess whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. In January 2018, the FASB issued additional guidance which provides another optional transition practical expedient. This practical expedient allows entities to not evaluate land easements under the new guidance at adoption if they were not previously accounted for as leases.

PECO has assessed the lease standard and are executing a detailed implementation plan in preparation for adoption on January 1, 2019. Key activities in the implementation plan include:

- Developing a complete lease inventory and abstracting the required data attributes into a lease accounting system that supports PECO's lease portfolios and integrates with existing systems.
- Evaluating the transition practical expedients available under the guidance.
- Identifying, assessing and documenting technical accounting issues, policy considerations and financial reporting implications. Includes completing a detailed contract assessment for a sample of transactions to determine whether they are leases under the new guidance.
- Identifying and implementing changes to processes and controls to ensure all impacts of the new guidance are effectively addressed.

Accounting and implementation issues continue to be identified and evaluated by the implementation team.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and, for most debt instruments, requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Goodwill Impairment (Issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two-step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. This updated guidance is not currently expected to impact PECO's financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Derivatives and Hedging (Issued September 2017): Allows more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The amendments are intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. There are also amendments related to effectiveness testing and disclosure requirements. The guidance is effective January 1, 2019 and early adoption is permitted with a modified retrospective transition approach. PECO is currently assessing this standard but does not currently expect a significant impact given the limited activity for which PECO elects hedge accounting and because PECO does not anticipate increasing its use of hedge accounting as a result of this standard.

2. Regulatory Matters

Pennsylvania Regulatory Matters

Tax Cuts and Jobs Act. PECO is working with the PAPUC and stakeholders on behalf of its distribution customers to determine the proper regulatory mechanisms and timing to reflect the tax benefits from the TCJA.

2015 Pennsylvania Electric Distribution Rate Case. On March 27, 2015, PECO filed a petition with the PAPUC requesting an increase of \$190 million to its annual service revenues for electric delivery, which requested an ROE of 10.95%. On September 10, 2015, PECO and interested parties filed with the PAPUC a petition for joint settlement for an increase of \$127 million in annual distribution service revenue. No overall ROE was specified in the settlement. On December 17, 2015, the PAPUC approved the settlement of PECO's electric distribution rate case, which included the approval of the In-Program Arrearage Forgiveness ("IPAF") Program. The approved electric delivery rates became effective on January 1, 2016.

The IPAF Program provides for forgiveness of a portion of the eligible arrearage balance of its low-income Customer Assistance Program (CAP) accounts receivable at program inception. The forgiveness will be granted to the extent CAP customers remain current over the duration of the five-year payment agreement term. The Settlement guarantees PECO's recovery of two-thirds of the arrearage balance through a combination of customer payments and rate recovery, including through future rates cases if necessary. The remaining one-third of the arrearage balance has been absorbed by PECO through bad debt expense on its Statement of Income. In October 2016, the IPAF was fully implemented. PECO recorded a regulatory asset representing previously incurred bad debt expense associated with the eligible accounts receivable balances, which is included in the Regulatory assets table below.

Federal Regulatory Matters

Tax Cuts and Jobs Act. To date, the FERC has not yet issued guidance to utilities on how and when to reflect the impacts of the TCJA in customer rates. PECO is currently in settlement discussions regarding its transmission formula rate and expects to pass back TCJA benefits to customers through its annual formula rate update.

Transmission Formula Rate. On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of \$22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11%, inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. The parties currently are engaged in settlement discussions. PECO cannot predict the final outcome of the settlement or hearing proceedings, or the transmission formula FERC may approve.

PJM Transmission Rate Design and Operating Agreements. PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, PECO incurs costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within its load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit for review of the decision.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. On June 15, 2016 a number of parties, including PECO, filed a proposed Settlement with FERC. If the Settlement is approved, 50% of the costs of the 500 kV and above facilities approved by the PJM Board on or before February 1, 2013, will be socialized across PJM and 50% will be allocated according to a formula that calculates the flows on the transmission facilities. Each state that is a party in this proceeding either signed, or did not oppose, the settlement. The Settlement is opposed by a number of merchant transmission owners and New York load-serving entities. The Settlement includes provisions for monthly credits or charges that are expected to be mostly refunded or recovered through customer rates over a 10-year period based on negotiated numbers for charges prior to January 1, 2016.

PECO expects that the Settlement will not have a material impact on the results of operations, cash flows and financial position. The Settlement is subject to approval by FERC. The FERC is not required to issue a decision on the matter within a specified period of time.

PECO is committed to the construction of transmission facilities under their operating agreements with PJM to maintain system reliability. PECO will work with PJM to continue to evaluate the scope and its timing of any required construction projects. PECO's estimated commitments are as follows:

	<u>Total</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Construction commitments	\$ 53	\$ 16	\$ 19	\$ 10	\$ 5	\$ 3

Regulatory Assets and Liabilities

PECO prepares its financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

The following tables provide information about the regulatory assets and liabilities of PECO as of December 31, 2017 and 2016.

Regulatory Assets (Account 182.3):	As of	
	December 31, 2017	December 31, 2016
Deferred income taxes	\$ 297	\$ 1,583
Manufactured gas plant (MGP) remediation costs	22	26
Conditional asset retirement obligations	22	23
Accrued vacation	6	7
Nonretirement postemployment benefits	5	7
AMI program expenses	37	49
PGC Under Recovery	9	—
CAP arrearage	9	11
Other	2	3
Total	\$ 409	\$ 1,709

Regulatory Liabilities (Account 254):	As of	
	December 31, 2017	December 31, 2016
Nuclear decommissioning	\$ 536	\$ 438
Energy Efficiency and Demand Response Programs	19	41
Gas Distribution Tax Repairs	9	20
Electric distribution tax repairs	35	76
Purchased Gas Cost (PGC) over-recovery	12	8
GSA over-recovery	36	34
Transmission service charge (TSC) over-recovery	20	4
NBT over-recovery	12	10
DLC Program Costs	7	8
Other	3	5
Total	\$ 689	\$ 644

Descriptions of the regulatory assets and liabilities included in the tables above are summarized below, including their recovery and amortization periods. Unless otherwise noted, PECO is not earning or paying a return on these amounts.

Deferred income taxes. These amounts represent deferred income taxes that are recoverable or refundable through customer rates, primarily associated with accelerated depreciation, the equity component of the allowance for funds used during construction, and the effects of income tax rate changes, including those resulting from the TCJA. These amounts are being amortized over the period in which the related deferred income taxes reverse, which is generally based on the expected life of the underlying assets, but may vary for certain deferred income taxes based on the determination of the rate regulator. See Note 9 - Income Taxes for additional information.

MGP remediation costs. These costs are recoverable through rates as affirmed in the 2010 approved natural gas distribution rate case settlement. The period of recovery will depend on the timing of the actual expenditures, currently estimated to be completed in 2022. PECO is not earning a return on the recovery of these costs. See Note 14—Commitments and Contingencies for additional information.

Conditional asset retirement obligations. These costs represent future legally required removal costs associated with existing asset retirement obligations. PECO will begin to earn a return on, and a recovery of, these costs once the removal activities have been performed. See Note 10 — Asset Retirement Obligations for additional information.

Accrued vacation. These amounts represent accrued vacation costs for PECO and the costs are recoverable from customers when actual payments are made to employees or when vacation is taken.

Nonretirement postemployment benefits. The regulatory asset related to nonretirement postemployment benefits is the projected liability for certain benefits. The liability is adjusted every two years as a result of actuarial studies performed.

AMI program expenses. This amount represents primarily accelerated depreciation on PECO's non-AMI meter assets over a 10-year period ending December 31, 2020. Recovery of smart meter costs are reflected in base rates effective January 1, 2016.

CAP arrearage. This amount represents the guaranteed recovery of previously incurred bad debt expense associated with the eligible CAP accounts receivable balances under the IPAF Program as provided by the 2015 electric distribution rate case settlement. These costs are amortized as recovery is received through a combination of customer payments over the duration of the duration of the five-year payment agreement term and rate recovery, including through future rate cases if necessary.

Nuclear decommissioning. These amounts represent estimated future nuclear decommissioning costs for the Regulatory Agreement Units that exceed (regulatory asset) or are less than (regulatory liability) the associated decommissioning trust fund assets. Exelon believes the trust fund assets, including prospective earnings thereon and any future collections from customers, will be sufficient to fund the associated future decommissioning costs at the time of decommissioning. See Note 10 — Asset Retirement Obligations for additional information.

Act 129 EE&C Program over-recovery. For PECO, these amounts represent over recoveries of program costs related to both Phase II and Phase III of its PAPUC-approved EE&C Plan. PECO began recovering the costs of its Phase II and Phase III EE&C Plans through a surcharge in June 2013 and June 2016, respectively, based on projected spending under the programs. Phase II of the program began on June 1, 2013 and expired on May 31, 2016. Phase III of the program began on June 1, 2016 and will expire on May 31, 2021. PECO earns a return on the capital portion of the EE&C plan. PECO does not earn (pay) interest on under (over) collections.

Gas distribution tax repairs. PECO's 2010 natural gas distribution rate case settlement required that the expected cash benefit from the application of new tax repairs deduction methodologies for 2010 and prior tax years be refunded to customers over a seven-year period. In September 2012, PECO filed an application with the IRS to change its method of accounting for gas distribution repairs for the 2011 tax year. Credits began being reflected in customer bills on January 1, 2013. No interest will be paid to customers.

Electric distribution tax repairs. PECO's 2010 electric distribution rate case settlement required that the expected cash benefit from the application of Revenue Procedure 2011-43, which was issued on August 19, 2011, to prior tax years be refunded to customers over a seven-year period. Credits began being reflected in customer bills on January 1, 2012. PECO's 2015 electric distribution rate case settlement requires PECO to pay interest on the unamortized balance of the tax-effected catch-up deduction beginning January 1, 2016.

Under (Over)-recovered energy costs. The PECO energy costs represent the electric and gas supply related costs recoverable (refundable) under PECO's GSA and PGC, respectively. PECO earns interest on the under-recovered energy and natural gas costs and pays interest on over-recovered energy and natural gas costs to customers.

Under (Over)-recovered transmission costs. The PECO transmission costs represent the electric transmission costs recoverable (refundable) under the TSC under which PECO earns interest on under-recovered costs and pays interest on over-recovered costs to customers.

DLC program costs. The DLC program costs include equipment, installation, and information technology costs necessary to implement the DLC Program under PECO's EE&C Phase I Plans. PECO received full cost recovery through Phase I collections and will amortize the costs as a credit to the income statement to offset the related depreciation expense during the same period through September 2025, which is the remaining useful life of the assets. PECO is not paying interest on these over-recovered costs.

Purchase of Receivables Programs

PECO is required, under separate legislation and regulations in Pennsylvania, to purchase certain receivables from retail electric and natural gas suppliers that participate in PECO's consolidated billing. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. PECO does not record unbilled commodity receivables under its POR programs. Purchased billed receivables are classified in Other accounts receivable, net on PECO's Balance Sheets.

Purchased receivables at December 31, 2017 and 2016 were \$65 million and \$66 million, respectively, and were recorded in other accounts receivable on PECO's Balance Sheet (Account 143). An allowance of \$5 million and \$6 million was recorded in accumulated provision for uncollectible accounts on PECO's Balance Sheet (Account 144) as of December 31, 2017 and 2016, respectively.

3. Accounts Receivable

Accounts receivable at December 31, 2017 and 2016 included estimated unbilled revenues, representing an estimate for the unbilled amount of energy or services provided to customers, and is net of an allowance for uncollectible accounts as follows:

	As of December 31,	
	2017	2016
Unbilled customer revenues (Account 173)	\$ 162	\$ 140
Allowance for uncollectible accounts (Account 144) ^(a)	(56)	(61)

(a) Excludes the non-current allowance for uncollectible accounts of \$15 million and \$23 million at December 31, 2017 and 2016, respectively, related to PECO's current installment plan receivables described below.

PECO Installment Plan Receivables. PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was \$11 million and \$9 million at December 31, 2017 and 2016, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1—Significant Accounting Policies. The allowance for uncollectible accounts balance associated with these receivables at December 31, 2017 of \$11 million consists of \$3 million and \$8 million for medium risk and high-risk segments, respectively. The allowance for uncollectible accounts balance associated with these receivables at December 31, 2016 of \$13 million consists of \$1 million, \$3 million and \$9 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of December 31, 2017 and 2016 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1—Significant Accounting Policies.

4. Property, Plant and Equipment

The following table presents the annual depreciation provisions as a percentage of average service life for each asset category.

Average Service Life Percentage by Asset Category	2017	2016
Electric - transmission and distribution	2.37%	2.32%
Gas - transportation and distribution	1.89%	1.82%
Common-electric and gas	5.47%	5.11%

The following table presents a summary of average service life for property, plant and equipment by asset category as of December 31, 2017:

Average Service Life in Years by Asset Category	2017
Electric-transmission and distribution	5 - 65
Gas - transportation and distribution	5 - 70
Common-electric and gas	5 - 50
Other property, plant and equipment	50

PECO has undivided ownership interests in jointly owned electric transmission facilities, which are accounted for as if such participating interests were wholly owned facilities. PECO's share of direct expenses is included in operating and maintenance expenses on PECO's Statements of Income. PECO's undivided ownership interests in jointly owned electric transmission facilities at December 31, 2017 and 2016 were as follows:

Operator	First Energy	PSEG
PECO's share at December 31, 2017	PA^(a)	DE/NJ^(b)
Plant ^(c)	11	65
Accumulated depreciation ^(c)	5	36
PECO's share at December 31, 2016	PA^(a)	DE/NJ^(b)
Plant	11	65
Accumulated depreciation	5	36

(a) PECO owns a 22% share in 127 miles of 500 kV lines located in Pennsylvania; PECO also owns a 20.7% share of a 500 kV substation immediately outside of the Conemaugh fossil generating station which supplies power to the 500 kV lines including, but not limited to, lines noted above.

(b) PECO owns a 42.55% share in 151.3 miles of 500 kV lines located in Delaware and New Jersey as well as a 42.55% share 2.5 miles of 500kV line located over the Delaware River.

(c) Excludes asset retirement costs.

5. Intangible Assets

Alternative Energy Credits. PECO's AECs have been recorded as intangible assets in Miscellaneous current assets (Account 174) and Miscellaneous deferred debits (Account 186) on the Balance Sheet. As of December 31, 2017 and 2016, PECO had current AECs of \$1 million and \$1 million, respectively. PECO had no noncurrent AECs as of December 31, 2017 and 2016. See Note 2—Regulatory Matters for additional information on AECs.

6. Fair Value of Financial Assets and Liabilities

Non-Derivative Financial Assets and Liabilities. As of December 31, 2017 and 2016, PECO's carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are representative of fair value because of the short-term nature of these instruments.

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The carrying amounts and fair values of PECO's long-term debt as of December 31, 2017 and 2016 were as follows:

	December 31, 2017			December 31, 2016		
	Carrying Amount	Fair Value			Carrying Amount	Fair Value
		Level 1	Level 2	Level 3		
Long-term debt (including amounts due within one year (a) (Accounts 221 and 226))	\$ 2,920	\$ —	\$ 3,194	\$ —	\$ 2,595	\$ 2,794
Long-term debt to financing trusts (Account 223)	184	—	—	204	184	192

Long-Term Debt. The fair value amounts of PECO's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of PECO into the discount rates, PECO obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing PECO debt securities as well as debt securities of other issuers in the utility sector with similar credit ratings in both the primary and secondary market, across PECO's debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note.

Long-Term Debt to Financing Trusts. PECO's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Recurring Fair Value Measurements

PECO records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities that PECO has the ability to access as of the reporting date.

Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3—unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. There were no material transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016 for Cash equivalents and Deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

The following table presents assets and liabilities measured and recorded at fair value on PECO's Balance Sheet on a recurring basis and their level within the fair value hierarchy as of December 31, 2017 and 2016:

<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash equivalents ^(a)	\$ 228	\$ —	\$ —	\$ 228
Rabbi trust investments				
Mutual funds	7	—	—	7
Life insurance contracts	—	10	—	10
Rabbi trust investments subtotal	<u>7</u>	<u>10</u>	<u>—</u>	<u>17</u>
Total assets	<u>235</u>	<u>10</u>	<u>—</u>	<u>245</u>
Liabilities				
Deferred compensation obligation	—	(11)	—	(11)
Total liabilities	<u>—</u>	<u>(11)</u>	<u>—</u>	<u>(11)</u>
Total net assets (liabilities)	<u>\$ 235</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ 234</u>
<u>December 31, 2016</u>				
Assets				
Cash equivalents ^(a)	\$ 45	\$ —	\$ —	\$ 45
Rabbi trust investments				
Mutual funds	7	—	—	7
Life insurance contracts	—	10	—	10
Rabbi trust investments subtotal	<u>7</u>	<u>10</u>	<u>—</u>	<u>17</u>
Total assets	<u>52</u>	<u>10</u>	<u>—</u>	<u>62</u>
Liabilities				
Deferred compensation obligation	—	(11)	—	(11)
Total liabilities	<u>—</u>	<u>(11)</u>	<u>—</u>	<u>(11)</u>
Total net assets (liabilities)	<u>\$ 52</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ 51</u>

(a) Excludes cash of \$47 million and \$22 million at December 31, 2017 and 2016.

PECO had no Level 3 assets or liabilities measured at fair value on a recurring basis during the year ended December 31, 2017 and 2016.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents. PECO's cash equivalents include investments with original maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Rabbi Trust Investments. The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of PECO's executive management and directors. The Rabbi trusts' assets are included in investments in PECO's Balance Sheet and consist primarily of mutual funds and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with PECO's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The life insurance policies are valued using the cash surrender value of the policies, which is provided by a third party. The cash surrender value inputs are not observable. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets.

Deferred Compensation Obligations. PECO's deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. PECO includes such plans in other current and noncurrent liabilities in its Balance Sheet. The value of PECO's deferred compensation obligation is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

7. Derivative Financial Instruments

PECO uses derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations.

Commodity Price Risk

PECO employs established policies and procedures to manage its risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and commodity products. PECO believes these instruments, which are either determined to be non-derivative or classified as economic hedges, mitigate exposure to fluctuations in commodity prices.

Derivative authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchases and normal sales (NPNS), cash flow hedges and fair value hedges.

Fair value authoritative guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default.

Cash collateral held by PECO must be deposited in a non-affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

Interest Rate and Foreign Exchange Risk

PECO uses a combination of fixed-rate and variable-rate debt to manage interest rate exposure. PECO utilizes fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, to manage its interest rate exposure. In addition, PECO may utilize interest rate derivatives to lock in rate levels, which are typically designated as cash flow hedges to manage interest rate risk.

Economic Hedges

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 2—Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's commodity price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-

in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's results of operations and financial position as natural gas costs are fully recovered from customers under the PGC.

Credit Risk, Collateral and Contingent-Related Features

PECO would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date.

PECO's unsecured credit used by the suppliers represents PECO's net credit exposure. As of December 31, 2017, PECO had no net credit exposure to suppliers.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of December 31, 2017, PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of December 31, 2017, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of December 31, 2017, PECO could have been required to post approximately \$34 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

8. Debt and Credit Agreements

Short-Term Borrowings

PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

Commercial Paper

PECO had no outstanding commercial paper balance as of December 31, 2017 and 2016. The maximum commercial paper program size was \$600 million at December 31, 2017 and 2016. Excludes additional credit facilities agreement for PECO with aggregate commitments of \$34 million, arranged with minority and community banks located primarily within PECO's service territories. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of December 31, 2017, there are no letters of credit issued under these facilities for PECO. The average interest rate on the commercial paper borrowings was 1.13% at December 31, 2017.

In order to maintain its commercial paper program in the amount indicated above, PECO must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under PECO's credit facility, PECO does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit facility.

At December 31, 2017, PECO had the following aggregate bank commitments, credit facility borrowings and available capacity under its credit facility:

Aggregate Bank Commitment ^(a)	Facility Draws	Outstanding Letters of Credit	Available Capacity at December 31, 2017	
			Actual	To Support Additional Commercial Paper
\$ 600	\$ —	\$ 1	\$ 599	\$ 599

(a) Excludes additional credit facility with an aggregate commitment of \$34 million arranged with minority and community banks located primarily within PECO's service territory. The agreement for this facility expires on October 12, 2018. This facility is solely utilized to issue letters of credit.

The following table presents the short-term borrowings activity for PECO during 2017 and 2016:

	2017	2016
Average borrowings	\$ 2	\$ —
Maximum borrowings outstanding	60	—
Average interest rates, computed on a daily basis	1.13%	n.a.
Average interest rates, at December 31	1.13%	n.a.

Credit Agreements

On May 26, 2017, PECO entered into amendments to the syndicated revolving credit facilities, which extended the maturity of each of the facilities to May 26, 2022.

Borrowings under PECO's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon ComEd's credit rating. ComEd has an adder of 0.0 basis points for prime based borrowings and 90 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also requires PECO to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the credit rating of PECO.

Under the revolving credit agreement, PECO is required to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. At December 31, 2017, PECO was in compliance with an interest coverage ratio of 7.99.

Issuance and Retirement of Long-Term Debt

During the year ended December 31, 2017, the following debt was issued:

Type	Interest Rate	Maturity	Amount	Use of Proceeds
First and Refunding Mortgage Bonds	3.70%	September 15, 2047	\$ 325	General corporate purposes.

During the year ended December 31, 2016, the following debt was issued:

Type	Interest Rate	Maturity	Amount	Use of Proceeds
First Mortgage Bonds	1.70%	September 15, 2021	\$ 300	Refinance maturing mortgage bonds.

On February 23, 2018, the following debt was issued:

Type	Interest Rate	Maturity	Amount	Use of Proceeds
First Mortgage Bonds	3.90%	March 1, 2048	\$ 325	Refinance a portion of maturing mortgage bonds.

During the year ended December 31, 2016, the following debt was retired:

Type	Interest Rate	Maturity	Amount
First and Refunding Mortgage Bonds	1.20%	October 15, 2016	\$ 300

Long-Term Debt

The following table presents the outstanding long-term debt at PECO as of December 31, 2017 and 2016:

	Rates	Maturity Date	December 31,	
			2017	2016
Long-term debt				
First Mortgage Bonds (Accounts 221)	1.70 - 5.95%	2018-2047	\$ 2,925	\$ 2,600
Total long-term debt			2,925	2,600
Unamortized debt discount and premium, net (Account 225 and 226)			(5)	(5)
Long-term debt			<u>\$ 2,920</u>	<u>\$ 2,595</u>
Long-term debt to associated companies (Account 223) ^(b)				
Subordinated debentures to PECO Trust III	7.38%	2028	\$ 81	\$ 81
Subordinated debentures to PECO Trust IV	5.75%	2033	103	103
Total long-term debt to associated companies			<u>\$ 184</u>	<u>\$ 184</u>

(a) Substantially all of PECO's assets are subject to the lien of its mortgage indenture.

(b) Amounts owed to these financing trusts are recorded as Long-term debt to financing trusts within the Balance Sheets.

Long-term debt maturities at PECO in the periods 2018 through 2022 and thereafter are as follows:

Year	
2018	\$ 500
2019	—
2020	—
2021	300
2022	350
Thereafter	1,959 ^(a)
Total	<u>\$ 3,109</u>

(a) Includes \$184 million due to PECO financing trusts.

9. Income Taxes

Corporate Tax Reform

On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act (TCJA) into law. The TCJA makes many significant changes to the Internal Revenue Code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) creating a 30% limitation on deductible interest expense (not applicable to regulated utilities); (3) allowing 100% expensing for the cost of qualified property (not applicable to regulated utilities); (4) eliminating the domestic production activities deduction; (5) eliminating the corporate alternative minimum tax and changing how existing alternative minimum tax credits can be realized; and (6) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. The most significant change that impacts PECO is the reduction of the corporate federal income tax rate from 35% to 21% beginning January 1, 2018.

Pursuant to the enactment of the TCJA, PECO remeasured its existing deferred income tax balances as of December 31, 2017 to reflect the decrease in the corporate income tax rate from 35% to 21%, which resulted in a material decrease to its net deferred income tax liability balances as shown in the table below. PECO recorded corresponding regulatory liabilities or assets to the extent such amounts are probable of settlement or recovery through customer rates and an adjustment to income tax expense for all other amounts. The amount and timing of potential settlements of the established net regulatory liabilities will be determined by PECO's rate regulators, subject to certain IRS "normalization" rules. See Note 2 - Regulatory Matters for further information.

PECO has completed its assessment of the majority of the applicable provisions in the TCJA and has recorded the associated impacts as of December 31, 2017. As discussed further below, under SAB 118 issued by the SEC in December 2017, PECO has recorded provisional income tax amounts as of December 31, 2017 for changes pursuant to the TCJA related to depreciation for which the impacts could not be finalized upon issuance of the PECO's financial statements, but for which reasonable estimates could be determined.

For property acquired and placed-in-service after September 27, 2017, the TCJA repeals 50% bonus depreciation for all taxpayers and in addition provides for 100% expensing for taxpayers other than regulated utilities. As a result, PECO will be required to evaluate the contractual terms of its fourth quarter 2017 capital additions to determine whether they still qualify for the prior tax law's 50% bonus depreciation as compared to no bonus depreciation pursuant to the TCJA. As of December 31, 2017, PECO has not completed this analysis but was able to record a reasonable estimate of the effects of these changes based on capital costs incurred at PECO's prior to and after the beginning of the fourth quarter of 2017.

At PECO, any required changes to the provisional estimates would result in the recording of regulatory assets or liabilities to the extent such amounts are probable of settlement or recovery through customer rates and a net change to income tax expense for any other amounts.

PECO expects any final adjustments to the provisional amounts to be recorded by the third quarter of 2018, which could be material to PECO's future results of operations or financial positions. The accounting for all other applicable provisions of the TCJA is considered complete based on our current interpretation of the provisions of the TCJA as enacted as of December 31, 2017.

While PECO has recorded the impacts of the TCJA based on its interpretation of the provisions as enacted, it is expected that technical corrections or other forms of guidance will be issued during 2018, which could result in material changes to previously finalized provisions. At this time, most states have not provided guidance regarding TCJA impacts and may issue guidance in 2018 which may impact estimates.

To remeasure its deferred income tax balances at the 21% corporate federal income tax rate as of December 31, 2017, PECO recorded a net decrease of \$1,407 million to its deferred income tax liability balance, a net regulatory liability of \$1,394 million, and a net deferred income tax benefit of \$13 million. Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. Refer to Note 3 - Regulatory Matters for additional information.

The net regulatory liabilities above include (1) amounts subject to IRS "normalization" rules that are required to be passed back to customers generally over the remaining useful life of the underlying assets giving rise to the associated deferred income taxes, and (2) amounts for which the timing of settlement with customers is subject to determinations by the rate regulators. The table below sets forth the Registrants' estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

Subject to IRS Normalization Rules ^(a)	\$	533
Subject to Rate Regulator Determination ^(a)		43
Net Regulatory Liabilities ^(a)	\$	576

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. Refer to Note 2 - Regulatory Matters for additional information.

The net regulatory liability amount subject to the IRS normalization rules generally relates to property, plant and equipment with remaining useful lives ranging from 30 to 40 years. For the other amount, rate regulators could require the passing back of the amount to customers over shorter time frames.

Components of Income Tax Expense or Benefit

Income tax expense (benefit) from continuing operations is comprised of the following components:

	For the Year Ended December 31,	
	2017	2016
Included in operations:		
Federal		
Current	\$ (7)	\$ (15)
Deferred	28	72
State		
Current	14	9
Deferred	(9)	5
Total	<u>\$ 26</u>	<u>\$ 71</u>

Rate Reconciliation

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	For the Year Ended December 31,	
	2017	2016
U.S. Federal statutory rate	35.0%	35.0%
Increase (decrease) due to:		
State income taxes, net of Federal income tax benefit	0.7	1.8
Plant basis differences ^(a)	(16.2)	(12.8)
Amortization of investment tax credit, net deferred taxes	(0.1)	(0.1)
Equity in losses of subsidiary companies	(11.0)	(9.9)
Other	(2.7)	0.1
Effective income tax rate	<u>5.7%</u>	<u>14.1%</u>

PECO's income tax expense (benefit) and effective income tax rate reflect the effects of income taxes associated with certain subsidiary companies that are disregarded entities for Federal income tax purposes but have been accounted for under the equity method of accounting in accordance with the USOA.

PECO's income tax expense (benefit) and effective income tax rate do not reflect the income taxes associated with ATNP, a wholly owned subsidiary company. ATNP has also been accounted for under the equity method of accounting under the USOA, however it is a separate company for Federal income tax purposes, and as a result the income tax expense associated with ATNP has been recorded in Account 418.1, Equity in Earnings of Subsidiary Companies, and as such the net income of ATNP has been identified as a reconciling item between the U.S. Federal statutory rate and the effective income tax rate above.

The tax effects of temporary differences, which give rise to significant portions of the deferred tax assets and liabilities, as of December 31, 2017 and 2016 are presented below:

	2017	2016
Deferred tax liabilities:		
Plant basis differences	\$ 1,837	\$ 3,096
Deferred debt refinancing costs	1	—
Deferred pension and post-retirement obligation	105	—
Other	35	51
Total deferred income tax liabilities (Accounts 282 and 283)	\$ 1,978	\$ 3,147
Deferred tax assets:		
Deferred postretirement obligations/pension	\$ 91	\$ (17)
Other	99	159
Total deferred income tax assets (Account 190)	190	142
Deferred income tax liabilities (net)	\$ 1,788	\$ 3,005

In accordance with regulatory treatment of certain temporary differences, PECO has recorded a net regulatory asset associated with deferred income taxes, in accordance with the applicable authoritative guidance, of \$297 million and \$1.6 billion at December 31, 2017 and 2016, respectively. See Note 2—Regulatory Matters for further discussion of PECO's regulatory asset associated with deferred income taxes.

PECO has no carryforward or corresponding valuation allowance as of December 31, 2017.

Total amounts of interest and penalties recognized

PECO has no net interest receivable related to its uncertain tax positions as of December 31, 2017. PECO has reflected in its Comparative Balance Sheets as of December 31, 2016 net interest receivable (Account 186 and 237) of \$8 million related to its uncertain tax positions. PECO recognizes accrued interest related to uncertain tax positions in interest expense (Account 431) or interest income (Account 419) on its Statements of Income. PECO has recognized no interest expense or income related to its uncertain tax positions for the twelve months ended December 31, 2017 and 2016. PECO has not accrued any penalties with respect to uncertain tax positions.

Description of tax years that remain subject to examination by major jurisdiction

	Open Years
Federal income tax returns	1999, 2001-2016
PECO Pennsylvania separate company returns	2010-2016

Tax Sharing Agreement

PECO is party to an agreement with Exelon and other subsidiaries of Exelon that provides for the allocation of consolidated tax liabilities and benefits (Tax Sharing Agreement). The Tax Sharing Agreement provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. In addition, any net benefit attributable to the parent is reallocated to the other members. That allocation is treated as a contribution to the capital of the party receiving the benefit. During December 31, 2017 and 2016, PECO recorded an allocation of Federal tax benefits from Exelon under the Tax Sharing Agreement of \$16 million and \$18 million, respectively.

10. Asset Retirement Obligations

Nuclear Decommissioning Trust Fund Investments

Nuclear Decommissioning Trust (NDT) funds have been established for each of the former PECO generating station units to satisfy the nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. On March 31, 2017, PECO filed its Nuclear Decommissioning Cost Adjustment (NDCA) with the PAPUC proposing an annual recovery from customers of approximately \$4 million. This amount reflects a decrease from the current approved annual collection of approximately \$24 million primarily due to the removal of the collections for Limerick Units 1 and 2 as a result of the NRC approving the extension of the operating licenses for an additional 20 years. On August 8, 2017, the PAPUC approved the filing and the new rates became effective January 1, 2018.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation. Generation, through PECO, has recourse to collect additional amounts from PECO customers related to a shortfall of NDT funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO, and likewise Generation will not be allowed to collect amounts associated with the first \$50 million of any shortfall of trust funds compared to decommissioning costs, as well as 5% of any additional shortfalls, on an aggregate basis for all former PECO units. The initial \$50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts from utility customers for any of Generation's other nuclear units. With respect to the former PECO units, any funds remaining in the NDTs after all decommissioning has been completed are required to be refunded to PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units.

Accounting Implications of the Regulatory Agreements with PECO.

Based on the regulatory agreement supported by the PAPUC that dictates Generation's rights and obligations related to the shortfall or excess of trust funds necessary for decommissioning the former PECO units, regardless of whether the funds held in the NDT funds are expected to exceed or fall short of the total estimated decommissioning obligation, PECO has recorded a noncurrent affiliate receivable from Generation and a corresponding regulatory liability on the Balance Sheet. Refer to Note 2—Regulatory Matters and Note 16—Related Party Transactions for information regarding regulatory liabilities and related intercompany receivable at PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Nuclear Regulatory Commission (NRC) Minimum Funding Requirements.

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

As the future values of trust funds change due to market conditions, the NRC minimum funding status of Generation's units will change. In addition, if changes occur to the regulatory agreement with the PAPUC that currently allows amounts to be collected from PECO customers for decommissioning the former PECO units, the NRC minimum funding status of those plants could change at subsequent NRC filing dates.

Asset Retirement Obligations

PECO has AROs primarily associated with the abatement and disposal of equipment and buildings contaminated with asbestos and polychlorinated biphenyls. See Note 1—Significant Accounting Policies for additional information on PECO's accounting policy for AROs.

The following table presents the activity of the non-nuclear conditional AROs (Account 230) reflected on PECO's Balance Sheets from January 1, 2016 to December 31, 2017:

AROs at January 1, 2016	\$ 27
Net increase due to changes in, and timing of, estimated future cash flows ^(a)	1
Accretion expense ^(a)	1
Payments	(1)
AROs at December 31, 2016 (Account 236)	28
Net decrease due to changes in, and timing of, estimated future cash flows ^(a)	(1)
Accretion expense ^(a)	1
Payments	(1)
AROs at December 31, 2017 (Account 230)	\$ 27

(a) For the years ended December 31, 2017 and 2016, the majority of the accretion is recorded as an increase to a regulatory asset due to the associated regulatory treatment.

11. Retirement Benefits

PECO participates in the following defined benefit pension plans and other postretirement benefit plans sponsored by Exelon as of December 31, 2017:

Qualified Pension Plans:

- Exelon Corporation Retirement Program
- Exelon Corporation Cash Balance Pension Plan
- Exelon Employee Pension Plan for Clinton, TMI and Oyster Creek
- Pension Plan of Constellation Energy Group, Inc.

Non-Qualified Pension Plans:

- Exelon Corporation Supplemental Pension Benefit Plan and 2000 Excess Benefit Plan
- Exelon Corporation Supplemental Management Retirement Plan

Other Postretirement Benefit Plans:

- PECO Energy Company Retiree Medical Plan
- Exelon Corporation Health Care Program
- Exelon Corporation Employees' Life Insurance Plan
- Exelon Corporate Health Reimbursement Arrangement Plan
- Constellation Energy Group, Inc. Retiree Medical Plan
- Constellation Energy Group, Inc. Employee Life Insurance Plan and Family Life Insurance Plan

Substantially all PECO employees are eligible to participate in these plans. Benefits under these plans generally reflect each employee's compensation, years of service and age at retirement.

Allocation to PECO

PECO accounts for its participation in Exelon's pension and other postretirement benefit plans by applying multi-employer accounting. Employee-related assets and liabilities, including both pension and postretirement liabilities for the legacy Exelon plans were allocated by Exelon to its subsidiaries based on the number of active employees as of January 1, 2001 as part of Exelon's corporate restructuring. The obligation for PECO reflects the initial allocation and the cumulative costs incurred and contributions made since January 1, 2001. Historically, Exelon has allocated the components of pension and other postretirement costs to the subsidiaries based upon several factors, including the measures of active employee participation in each plan. Pension and other postretirement benefit contributions were allocated to legacy Exelon subsidiaries in proportion to active service costs recognized and total costs recognized, respectively. Beginning in 2015, Exelon began allocating costs related to its legacy Exelon pension and other postretirement benefit plans to its subsidiaries based on both active and retired employee participation and contributions are allocated based on accounting cost. The impact of this allocation methodology change was not material to PECO.

Approximately \$29 million and \$33 million were included in capital and operating and maintenance expense in 2017 and 2016, respectively for PECO's allocated portion of Exelon-sponsored pension and other postretirement benefit plans. These amounts include the recognized contractual termination benefit charges, curtailment gains, and settlement charges.

Contributions

PECO contributed \$24 million and \$30 million to the Exelon-sponsored pension and other postretirement benefit plans in 2017 and 2016, respectively.

PECO plans to contribute approximately \$17 million to the qualified pension plans and \$1 million to the non-qualified pension plans in 2018. Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification). The projected contributions reflect a funding strategy of contributing the greater of (1) \$300 million (which has been updated for the inclusion of PHI) until the qualified plans are fully funded on an ABO basis, and (2) the minimum amounts under ERISA to avoid benefit restrictions and at-risk status. This level funding strategy helps minimize volatility of future period required pension contributions. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded, given that they are not subject to statutory minimum contribution requirements.

While other postretirement plans are also not subject to statutory minimum contribution requirements, Exelon does fund certain of its plans. For Exelon's funded OPEB plans, contributions generally equal accounting costs, however, Exelon's management has historically considered several factors in determining the level of contributions to its other postretirement benefit plans, including liabilities management, levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulatory expectations and best assure continued rate recovery). Amount below includes benefit payments related to unfunded plans. PECO doesn't expect to contribute to the other postretirement benefit plan in 2018.

Defined Contribution Savings Plan

PECO participates in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and / or after-tax income in accordance with specified guidelines. PECO matches a percentage of the employee contribution up to certain limits. The cost of PECO's matching contribution to the savings plan was \$10 million and \$10 million in 2017 and 2016, respectively.

12. Common Stock

At December 31, 2017 and 2016, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding.

Stock-Based Compensation Plans

PECO participates in Exelon's stock-based compensation plan. Exelon grants stock-based awards through its Long-Term Incentive Plan (LTIP), which primarily includes performance share awards, stock options and restricted stock units. As the LTIP sponsor, Exelon is the sole issuer of all stock-based compensation awards. The stock-based compensation expense attributable to PECO employees is directly recorded to operating and maintenance expense (Account 920) in the Statement of Income. Stock-based compensation expense (pre-tax) was \$3 million for both the years ended December 31, 2017 and 2016. There were no significant stock-based compensation costs capitalized during the years ended December 31, 2017 and 2016.

13. Changes in Accumulated Other Comprehensive Income

The following table presents changes in accumulated other comprehensive income (AOCI) by component for the year ended December 31, 2017:

	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan	Foreign Currency Items	AOCI of Equity Investments	Total
Beginning balance	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ 1
Ending balance	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ 1

PECO did not have any reclassifications out of AOCI to Net Income during the year ended December 31, 2017.

14. Commitments and Contingencies

Commercial Commitments

PECO's commercial commitments as of December 31, 2017, representing commitments potentially triggered by future events, were as follows:

	Expiration within						
	Total	2018	2019	2020	2021	2022	2023 and beyond
Surety bonds ^(a)	9	8	1	—	—	—	—
Financing trust guarantees	178	—	—	—	—	—	178
Total commercial commitments	<u>\$ 187</u>	<u>\$ 8</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 178</u>

(a) Surety bonds-Guarantees issued related to contract and commercial agreements, excluding bid bonds.

Leases

PECO's minimum future operating lease payments, including lease payments for real estate and operating equipment, as of December 31, 2017 were as follows:

2018	\$ 5
2019	5
2020	5
2021	5
2022	5
Remaining years	—
Total minimum future lease payments ^(a)	<u>\$ 25</u>

(a) Amounts related to certain real estate leases and railroad licenses effectively have indefinite payment periods. As a result, PECO has excluded these payments from the remaining years, as such amounts would not be meaningful. PECO's annual obligation for these arrangements, included in each of the years 2018 - 2022, was \$5 million. Also Includes amounts related to shared use land arrangements.

PECO's rental expense under operating leases for the years ended December 31, 2017 and 2016 was \$9 million and \$7 million, respectively.

Environmental Remediation Matters

PECO's operations have in the past and may in the future require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, PECO is generally liable for the costs of remediating environmental contamination of property now or formerly owned and of property contaminated by hazardous substances generated by them. PECO owns or leases a number of real estate parcels, including parcels on which its operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, PECO is currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, PECO cannot reasonably estimate whether it will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by PECO, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on PECO's financial conditions, results of operations and cash flows.

PECO has identified sites where former Manufactured Gas Plant (MGP) activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional potentially responsible parties (PRP) that may share responsibility for ultimate remediation of each location. PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PADEP regulatory requirements and 9 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, is currently recovering environmental remediation costs of former MGP facility sites through customer rates. See Note 2—Regulatory Matters for additional information regarding regulatory assets and liabilities.

As of December 31, 2017 and 2016, PECO had accrued the following undiscounted amounts for environmental liabilities in Account 228.4, Accumulated Miscellaneous Operating Provisions within its Balance Sheets:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Total Environmental Investigation and Remediation Reserve	\$30	\$33
Portion of Total Related to MGP Investigation and Remediation	28	31

During the third quarter of 2017, PECO completed an annual study of its future estimated MGP remediation requirements. The study resulted in a \$2 million increase to its environmental liabilities and related regulatory assets for PECO. See Note 2 — Regulatory Matters for additional information regarding the associated regulatory assets.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee’s disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee’s last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court’s ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee’s last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court’s ruling in November 2013, PECO has experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been accrued for on a claim by claim basis. Those additional claims are taken into account in projecting estimated future asbestos-related bodily injury claims. There is a reasonable possibility that PECO may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material unfavorable impact on PECO’s financial conditions, results of operations and cash flows.

Fund Transfer Restrictions

The Federal Power Act declares it to be unlawful for any officer or director of any public utility “to participate in the making or paying of any dividends of such public utility from any funds properly included in capital account.” What constitutes “funds properly included in capital account” is undefined in the Federal Power Act or the related regulations; however, FERC has consistently interpreted the provision to allow dividends to be paid as long as (1) the source of the dividends is clearly disclosed, (2) the dividend is not excessive and (3) there is no self-dealing on the part of corporate officials.

PECO’s Articles of Incorporation prohibit payment of any dividend on, or other distribution to the holders of, common stock if, after giving effect thereto, the capital of PECO represented by its common stock together with its retained earnings is, in the aggregate, less than the involuntary liquidating value of its then outstanding preferred securities. On May 1, 2013, PECO redeemed all outstanding preferred securities. As a result, the above ratio calculation is no longer applicable. Additionally, PECO may not declare dividends on any shares of its capital stock in the event that: (1) it exercises its right to extend the interest payment periods on the subordinated debentures, which were issued to PEC L.P. or PECO Trust IV; (2) it defaults on its guarantee of the payment of distributions on the Series D Preferred Securities of PEC L.P. or the preferred trust securities of PECO Trust IV; or (3) an event of default occurs under the Indenture under which the subordinated debentures are issued.

General

PECO is involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. PECO maintains accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes

See Note 9 — Income Taxes for information regarding PECO's income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

15. Supplemental Financial Information

Supplemental Statement of Income Information

The following table provides additional information about PECO's Statements of Income for the years ended December 31, 2017 and 2016:

	For the Year Ended December 31,	
	2017	2016
Taxes other than income (Accounts 408.1 and 408.2)		
Utility ^(a)	\$ 125	\$ 136
Real estate	14	13
Payroll	15	15
Total taxes other than income	<u>\$ 154</u>	<u>\$ 164</u>

(a) Municipal and state utility taxes are also recorded in revenues on PECO's Statements of Income.

Supplemental Statement of Cash Flows Information

Cash paid for interest (net of amount capitalized) was \$103 million and \$104 million for the years ended December 31, 2017 and 2016, respectively. Cash received/(paid) for income tax (net of refunds) was \$27 million and \$14 million for the years ended December 31, 2017 and 2016, respectively.

PECO's Statement of Cash Flows included non-cash investing activities relating to capital expenditures not paid of \$22 million for the year ended December 31, 2017 and an increase of \$(11) million for the years ended December 31, 2016.

16. Related Party Transactions

The financial statements of PECO include related party balances and transactions as presented in the tables below:

	Year Ended December 31,	
	2017	2016
Operating revenues from affiliates (Account 400)		
Generation ^(a)	\$ 1	\$ 3
BSC	5	3
ComEd	—	1
BGE	1	1
Total operating revenues from affiliates	\$ 7	\$ 8
Purchased power from affiliate (Account 555)		
Generation ^(b)	\$ 135	\$ 287
Operation and maintenance from affiliates (Accounts 401)		
Exelon Business Services Company (BSC) ^(c)	\$ 146	\$ 142
Generation	2	2
ComEd	—	1
BGE	1	1
Total operation and maintenance from affiliates	\$ 149	\$ 146
Equity in loss of subsidiary companies (Account 418.1)		
PECO Wireless LLC	\$ (78)	\$ (78)
Total equity in loss of subsidiary companies	\$ (78)	\$ (78)
Interest expense to affiliates, net: (Account 430)		
PECO Trust III	\$ 6	\$ 6
PECO Trust IV	6	6
Total interest on debt to associated companies	\$ 12	\$ 12
Capitalized costs		
BSC ^(c)	\$ 59	\$ 57
Cash dividends paid to parent (Account 216)	\$ 288	\$ 277
Contribution from parent (Account 211)	\$ 16	\$ 18

	As of December 31,	
	2017	2016
Prepayment (Account 165)		
Voluntary employee beneficiary association trust ^(d)	\$ —	\$ 1
Investment in affiliates (Account 123.1):		
PECC	\$ 4	\$ 4
PECO Trust IV	4	4
PECO Wireless, LLC	(4)	(4)
Extel Corporation, LLC	2	2
Total investment in subsidiary companies	\$ 6	\$ 6
Accounts receivable from associated companies (Account 146)		
PECO Wireless, LLC	\$ 2	\$ 2
ATNP	5	5
BGE	—	2
Commonwealth Edison	1	3
Total accounts receivable from associated companies	8	\$ 12
Miscellaneous deferred debits (Account 186)		
Generation ^(e)	\$ 537	\$ 438
Advances from associated companies (Account 223)		
PECO Trust III	\$ 81	\$ 81
PECO Trust IV	103	103
Total advances from associated companies	\$ 184	\$ 184
Accounts payable to associated companies (Account 234)		
Generation ^(b)	\$ 22	\$ 33
BSC ^(c)	30	28
Exelon ^(d)	1	1
PECO Trust III	1	1
PECO Energy Capital, LP	—	2
Total accounts payable to associated companies	\$ 54	\$ 65

(a) PECO provides energy to Generation for Generation's own use.

(b) PECO purchases electric supply from Generation under contracts executed through its competitive procurement process. In addition, PECO has five year and ten-year agreements with Generation to purchase non-solar and solar AECs, respectively. See Note 2—Regulatory Matters for additional information on AECs.

(c) PECO receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology and supply management services. All services are provided at cost, including applicable overhead. A portion of such services is capitalized.

(d) The voluntary employee beneficiary association trusts covering active employees are included in corporate operations and are funded by PECO. The prepayment to the active welfare plans has accumulated due to actuarially determined contribution rates, which are the basis for PECO's contributions to the plans, being higher than actual claim expense incurred by the plans over time.

(e) PECO has a long-term receivable from Generation as a result of the nuclear decommissioning contractual construct, whereby, to the extent the assets associated with decommissioning are greater than the applicable asset retirement obligation at the end of decommissioning, such amounts are due back to PECO for payment to PECO's customers.

17. Subsequent Events

On March 2, 2018 and March 7, 2018, there were powerful nor'easter storms that brought a mix of snow, ice and high sustained winds and gusts to the region that interrupted electric service delivery to approximately 750,000 customers in PECO's service territory. Restoration efforts included significant costs associated with employee overtime, support from other utilities and incremental equipment, contracted tree trimming crews and supplies. PECO estimates that restoration efforts will result in \$45 million to \$70 million of incremental operating and maintenance expense and \$30 million to \$45 million of incremental capital expenditures for the first quarter of 2018.